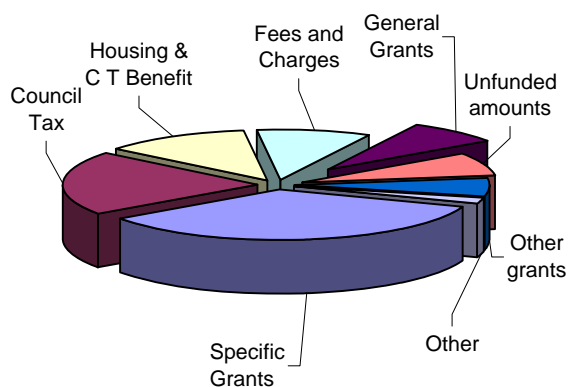


Statement of Accounts

2010-11



SUMMARY FINANCIAL DATA



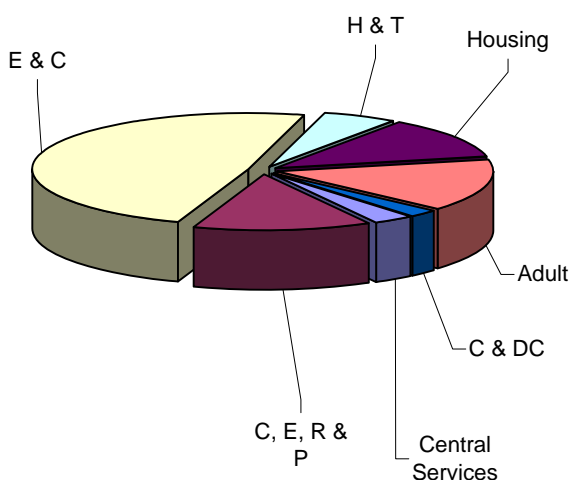
Sources of Income

	£'m	
Specific Grants	111.1	34.7%
Council Tax	65.7	20.5%
Housing & C T Benefit	38.9	12.1%
Fees and Charges	30.5	9.5%
General Grants	25.4	7.9%
Unfunded amounts	24.0	7.5%
Other grants	18.6	5.8%
Other Income / adjustments	6.0	1.9%
	320.2	100.0%

Source: Comprehensive Income and Expenditure Statement and Note 28.

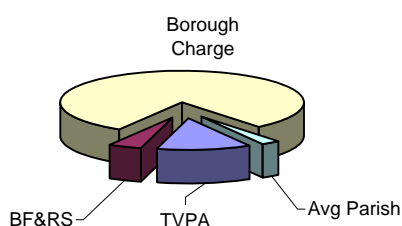
Main Services Expenditure

	£'m	
Central Services to the public	10.1	3.2%
Cultural, Environmental Regulatory and Planning Services	42.0	13.1%
Education and Children's Services	156.6	48.9%
Highways and Transport Services	17.9	5.6%
Other Housing Services	38.2	11.9%
Adult Social Care	48.4	15.1%
Corporate and Democratic Core	7.0	2.2%
	320.2	100.0%



Source: Comprehensive Income and Expenditure Statement

This diagram shows the gross Council Tax levied at band D and amount raised before allowing for Government Grants and the contribution from the national non-domestic rate.



	2010-11 Charge Levied £	2010-11 Amount Raised £000
Thames Valley Police	154.3	10,028
Berkshire Fire & Rescue	55.66	3,617
Borough Charge	995.73	67,961
Average Parish Precept	32.1	1,118
	1,237.79	82,724

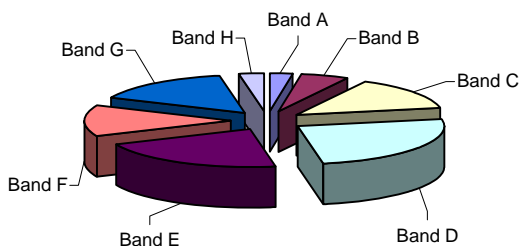
Source: Notes to the Collection Fund

SUMMARY FINANCIAL DATA

The following diagrams provide an analysis of the Council Tax.

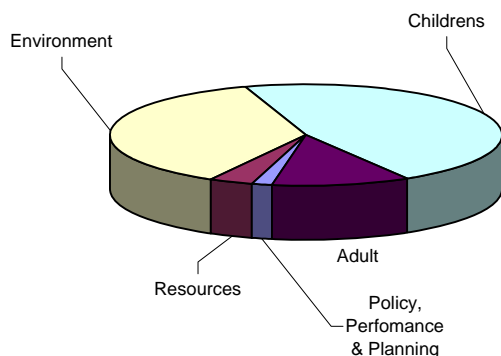
Domestic Properties eligible for Council Tax

Charge Band	No.	
Band A	1,405	2.6%
Band B	2,853	5.2%
Band C	7,687	14.1%
Band D	13,939	25.5%
Band E	11,551	21.1%
Band F	7,226	13.2%
Band G	8,585	15.7%
Band H	1,446	2.6%
Total Properties	54,692	100.0%



Source: Internal analysis, figures are not available elsewhere in this Statement of Accounts.

The Council spent £38.14 million on capital projects in the year and the diagrams below show the proportions for each service and the sources from which this expenditure was financed.

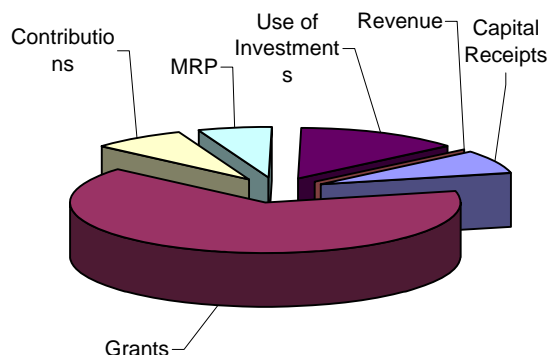


Capital Expenditure

	£'000	
Policy, Performance & Planning	645	1.69%
Resources	1,336	3.50%
Environment	14,152	37.10%
Childrens	17,713	46.44%
Adult	4,298	11.27%
	38,144	100.0%

Sources of Capital Finance

	£'000	
Capital Receipts	2,889	7.58%
Grants	24,722	64.81%
Contributions	2,995	7.85%
MRP	2,357	6.18%
Use of Investments	5,157	13.52%
Revenue	24	0.06%
	38,144	100.0%



Source: Capital expenditure from the Foreword to the Accounts. Capital Finance from Note 40.

EXPLANATORY FOREWORD

INTRODUCTION

This foreword provides a brief explanation of the financial aspects of the Council's activities and draws attention to the main characteristics of the Council's financial position.

The Council's Financial Statements for the year are set out on the following pages. They consist of:

Movement in Reserves Statement	- shows the movement in the year on different reserves held by the authority.
Comprehensive Income and Expenditure Statement	- shows the net cost of the Royal Borough's services and their funding.
Balance Sheet	- setting out the financial position of the Council at 31st March 2011
Cash Flow Statement	- showing cash movements from transactions with third parties.

These accounts are supported by the Statement of Accounting Policies, which follows this foreword, and various notes to the accounts.

The Royal Borough is the Administering Authority for the Royal County of Berkshire Pension Fund and a summarised statement of these accounts is included.

Expenditure on services is classified into two main types, revenue expenditure and capital expenditure. Revenue expenditure is, broadly, day to day expenditure e.g. salaries, wages, rents etc. whilst capital expenditure creates or contributes to the acquisition of assets, e.g. land, buildings, vehicles etc. Current accounting policies require that the Council calculates an annual charge for the use of capital assets and these annual charges form part of the revenue expenditure of the Council.

CHANGES IN ACCOUNTING POLICIES

Due to the implementation of International Financial Reporting Standards (IFRS) in 2010/11, a number of policies have changed and key changes are explained below. A full list of accounting policies, including the revised ones has been disclosed in Note 1.

Cash and cash equivalents

Includes cash and bank overdrafts as well as short term investments (maturing in 3 months or less from the Balance Sheet date).

Impairment

An annual assesment is now required as to whether there is any indication that an asset has been impaired.

Government grants and contributions

Grants and contributions relating to capital expenditure are now credited to the Comprhensive Income and Expenditure Statement once the conditions of the funding have been met. Previously they were treated as deferred income and amortised to the Comprehensive Income and Expenditure Statement over the life of the asset.

Intangible assets

A wider range of assets can now be recognised in this category e.g. web site development. Impairments are now charged to the Revaluation Reserve in the first instance and to the Comprehensive Income and Expenditure Statement if the Revaluation Reserve has a nil balance.

Investment properties

The carrying value of investment properties is now based on fair value rather than market value under UK GAAP. Changes in fair value are charged to the Comprehensive Income and Expenditure Statement.

Leases

Land and buildings elements of leases are now accounted for seperately not as one lease.

Property plant and equipment

Under IFRS greater emphasis has been placed on accounting for "significant" components of an asset differently if they have substantially different useful lives.

EXPLANATORY FOREWORD

SUMMARY OF THE YEAR

Despite operating in a challenging environment the Council's financial position at the end of the year remains stable. The Council set a budget in February 2010 which required the delivery of efficiency savings of £6.8m. The incoming Coalition Governments Emergency Budget removed, at short notice, a further £914k of funding from Area Based Grants.

These savings and reductions have been accommodated and service pressures, reported in detail throughout the year, notably in Adults Social Care and Children's Safeguarding, have been managed.

The Council has benefitted from LAA reward grant of £995k which it has chosen to leave in General Fund balances in recognition of the challenges being faced.

The budget for 2011-12 required a number of staff redundancies , including for the first time a number of schools. The reported outturn includes provision for redundancy costs of £1.5m (£365k related to Schools), £500k of which have been funded from General Fund reserves.

General Fund reserves still stand at £4.168m, excluding monies held as an Economic Contingency, slightly in excess of the risk based minimum level of £4.1m recommended in the February Budget report.

The Budget for 2011-12 has been set against the background of significant reductions in funding from Central Government reflecting spending totals announced in the Comprehensive Spending Review. Whilst continuing its commitment to reduce the burden of Council Tax on local residents the Council has attempted to reflect in its spending plans provision for the increasing costs of services in social care and provides continued investment in the highways infrastructure and the expansion of popular primary schools.

Revenue Expenditure

Gross expenditure and income represents the total value of transactions going out of and coming into the Royal Borough. Schools represent a large element of the value of transactions within the year which are covered by a central government grant known as Dedicated Schools Grant (DSG). DSG must be used in support of schools and central services as prescribed in regulations. Any DSG surplus or deficit must be added to or deducted from the Borough's DSG allocation in following years, and therefore has no impact on the Borough's final out-turn position in 2010-11.

The following table compares the actual outturn with the approved estimate for the year for the General Fund. This reflects the structure used for monitoring the budget during the year which focuses on the direct cost of services.

In contrast, the statement presented in the Income and Expenditure Account is presented in the form required by the Chartered Institute of Public Finance Accounting Code of Practice. Whilst the presentation is different the amounts met from government grants and local tax payers remains the same.

EXPLANATORY FOREWORD

	Budget	Approved Estimate	Actual	Variance
GENERAL FUND				
SERVICE EXPENDITURE	£'000	£'000	£'000	£'000
Children's Services	17,360	17,122	17,926	804
Adult & Community Services	36,443	37,484	37,824	340
Environmental Services	15,575	15,660	15,559	(101)
Policy, Performance & Planning	5,920	6,108	5,618	(490)
Resources	9,912	10,632	10,593	(39)
Net Cost Of Services	85,210	87,006	87,520	514
Transfer from Earmarked Reserves	(16)	(116)	(514)	(398)
Appropriation (from) LSC Reserve				
Contribution from Development Fund		(745)	(745)	
LAA Reward Grant			(995)	(995)
VAT Claim			(106)	(106)
Provision for Further Redundancy Costs				
Transfer from Reserves for Redundancy Costs				
Provision for PRP			200	200
Increase in bad debt provision			73	73
Distribution of ex-Berks Insurance reserve (from Reading BC)			(164)	(164)
Increase in provision for redundancy costs			271	271
Levies-				
Environment Agency	130	130	130	
Capital Financing inc Interest Receipts	5,896	5,436	5,393	(43)
Net Budget Requirement	91,220	91,711	91,063	(648)
Less - Special Expenses	(1,063)	(1,063)	(1,063)	
Transfer (from)/to balances		(1,097)	(435)	662
GROSS COUNCIL TAX REQUIREMENT	90,157	89,551	89,565	14
Area Based Grant	(7,145)	(6,539)	(6,553)	(14)
Redistributed Business Rates	(16,415)	(16,415)	(16,415)	
Revenue Support Grant	(2,384)	(2,384)	(2,384)	
Collection Fund Deficit	502	502	502	
NET COUNCIL TAX REQUIREMENT	64,715	64,715	64,715	

Capital Expenditure

Capital expenditure still accounts for significant amounts of major maintenance items on schools (£17.71m). Other areas of significant expenditure include Local Transport Plan (£10.04m) and Outdoor facilities (£1.66m).

The table below sets out the comparison between the approved estimate for the capital programme and the actual expenditure for the year.

EXPLANATORY FOREWORD

	Original Budget £'000	Approved Estimate £'000	Actual £'000
Policy, Performance & Planning			
Planning & Development	607	582	542
Policy & Performance	40	108	103
	<u>647</u>	<u>690</u>	<u>645</u>
Resources			
Business Improvement	451	726	723
CSC	241	359	427
Other	220	145	186
	<u>912</u>	<u>1,230</u>	<u>1,336</u>
Environment			
Local Transport Plan	7,555	10,476	10,039
Parking Schemes	7,230	797	816
Operations	161	700	586
Public Protection	1,546	1,942	1,971
Asset Management	968	761	740
	<u>17,460</u>	<u>14,676</u>	<u>14,152</u>
Childrens			
Non Schools	1,467	2,880	2,812
Schools - Non Devolved	16,968	16,129	12,641
Schools - Devolved Capital	1,501	4,054	2,260
	<u>19,936</u>	<u>23,063</u>	<u>17,713</u>
Adult			
Adult Social Care	50	1,985	1,123
Housing	45	71	14
Learning & Care - General	165	307	76
Library & Information Service	832	1,588	1,126
Leisure Centres	500	326	297
Outdoor Facilities	1,572	2,025	1,662
	<u>3,164</u>	<u>6,302</u>	<u>4,298</u>
Total Capital Expenditure	42,119	45,961	38,144
Revenue Expenditure funded from Capital Resources under statute			-1,582
Capital Expenditure on Fixed Assets			36,562

Budgets on incomplete 2010/11 schemes are carried forward to the new year.

When necessary, the Royal Borough borrows long term, to support its capital programme, and short term to maintain positive cash flow, through approved financial institutions.

Pension Fund

This Council is responsible for the management of the Berkshire Pension Fund. 2002/03 saw the requirement for every Council within the scheme to disclose its share of the surplus or deficit of assets compared with the liabilities of the whole Fund enshrined in accounting regulations (IAS 19).

The Council's actuarial figures are reproduced in Note 47 to the accounts.

The 2010 Emergency Budget announced that the pension increase orders will be linked to the CPI rather than RPI index for inflation. This affects the increase applied to pensions in payment and the revaluation of pension for deferred members of the LGPS. As is well-documented, CPI has tended to be less than RPI in the past. This has resulted in an actuarial, or past service, gain in 2010/11. The gain, (£31.523m) for the Council has been accounted for in the Comprehensive Income and Expenditure Statement.

EXPLANATORY FOREWORD

Treasury Management

The Borough operates a Treasury Management policy based on the Code of Practice issued by the Chartered Institute of Public Finance and Accountancy. Cash balances are managed in-house. The Royal Borough bank balances are reviewed daily and appropriate decisions made to ensure the council maintains a positive cash flow.

The overall equated return achieved on the Borough's investments for 2010/11 was 1.26% which was 0.86% above the Local Authority 7 day rate benchmark. These returns are relatively low but predictably so given market conditions. In acknowledgement of these low returns the Authority has in the short term, used cash reserves to fund its capital spend.

CONCLUSION

These accounts represent a snapshot of the Council's financial affairs at the year end and it is our intention to make them as informative and useful as possible. An annual report will be published in the Council's publication "Around the Royal Borough".

I wish to record my thanks to all the Council's staff who have contributed throughout the year to the financial management of the Council and for the provision and publication of these accounts.

I also wish to extend my thanks to the staff from KPMG who are responsible for the external audit of the Council's financial affairs and who continue to provide much valuable advice and help throughout the year.

Detailed budgets for 2011/12 are available on the Council's website. If you have any queries or comments about this document, please contact Andrew Brooker, Head of Finance on Maidenhead (01628) 796341.

Andrew Brooker CPFA
Head of Finance

SERVICE REVIEW

The following section provides Service Directors with the opportunity to review the performance of service areas under their control.

CHILDREN'S SERVICES DIRECTORATE

Children's Services report an overspend of £804k in 2010-11 against a controllable net budget of £17,122k. Largely, the overspend is due to increased costs in Safeguarding.

Children's Services also managed to achieve the savings of £996k that were built into the 2010-11 budget at the start of the year. Following the emergency budget introduced by the Coalition government in the summer, there was an unprecedented in-year reduction in the area based grant, which for Children's Services meant a further downwards adjustment to its budget of £710k. A number of other specific grants were reduced in-year such as Contact Point and the grant for harnessing technology.

Safeguarding pressures in 2009-10 were partly caused by the high use of agency staff. In 2010-11 this has been largely brought under control. The principal reason for overspends in 2010-11 were the ongoing high cost of children in care. Not only have numbers of children requiring public care continued to rise during much of 2010-11 but the unit cost of providing for those children has also increased. Unit costs have risen because it has been necessary to continue to spot purchase independent sector foster places as demand has exceeded supply from within our own local authority pool of foster carers. We have also placed several children with complex needs in expensive residential placements. An associated pressure of rising numbers of children in care is the high cost of childcare lawyer fees. It is worth noting that the unannounced Ofsted inspection of our Referral and Assessment procedures in April 2010 found that our threshold criteria for care were set out appropriately and that they were consistently applied.

There was an overspend of £131k in Services for Families and Young People as a result of the contractual dispute with Connexions.

The SureStart grant has been used to ensure that the full management costs associated with grant activity have been covered.

School budgets

Overall, school balances have increased by £945k from £2.123 million at the 31 March 2010 to £3.068 million at March 2011, but within this overall increase there are some individual schools with well-publicised deficits. Generally, school budgets in the Borough are relatively healthy, but going forward they will be under increasing pressure.

The central Schools Budget funded by Dedicated Schools Grant shows an underspend of £211k but this masks a significant overspend of around £780k on out of Borough placements in schools for children with special educational needs against a working estimate of around £5.3m. Following advice from external consultancy, action is being taken to improve out of Borough place procurement. The longer term strategy is to ensure that effective early intervention measures are in place. The final outturn position for the central Schools Budget as a whole includes £1.25m of Standards Funds grant income that we have been able to carry forward into 2011-12 for the rest of the 2010-11 academic year. Standards funds will not be available to us in future.

It is worth noting that the new Manor Green School opened in September 2010 on time and within budget. Lowbrook School became an academy on 1st April 2011. New funding allocations for Manor Green have generated a significant budget surplus for the school but this is likely to be a temporary phenomenon as the school becomes more established and funding arrangements are reviewed.

SERVICE REVIEW

ADULT & COMMUNITY SERVICES DIRECTORATE

Adult Social Care

Adult Social Care saw increased demand for services, putting budgetary pressure on care home placements, and older peoples' community-based care and support.

Changes made to the sources of care and support included stopping the internal homecare service and transferring care to the independent sector.

Short term and re-enablement services were expanded with £132k additional funding from the East Berkshire Primary Care Trust, building upon the success of the intermediate care service.

Personal Budgets were introduced: they increased from nothing to over 500 in the year. A wide range of stakeholders were actively involved in developing community-based care and support services that promote choice, independence, better outcomes and budget savings.

Ongoing demand from young people transferring to Adult Services has been the joint focus of health, children and adult services. Rigorous use of price mechanisms has kept provider costs to a minimum.

Housing and Homelessness

Partnerships with housing associations continued to deliver supported accommodation schemes for those adults with learning disabilities who might have otherwise required more intensive support.

Homeless numbers have been kept down by the Housing Options team increasing referrals for housing advice and diverting most applicants to other forms of housing support.

The Boyn Grove Community Resource Centre was built on time and in budget. It will provide modern facilities for growing numbers for people with Learning Disability.

Library, Arts & Heritage Services

In 2010/11 capital investments of £200K for Libraries included the introduction of Radio Frequency Identification (RFID) Self-Service.

Improvements at Maidenhead Library involved: a redesign of the ground floor; creation of a coffee area; rewiring and transforming a garage into a Mobiles and Home Library Store. This enabled money to be saved on lease costs at Waldeck House. Eton Library was also rewired.

£800K was spent on creating a new museum in the Guildhall, a Grade One listed building, at Windsor. Building work was completed on time in March 2011, funded largely by S106 contributions and other donations.

Leisure Services

Leisure Services venues in the Borough remained popular with over 1.5m visitors. Despite the economic situation, there has been growth in Leisure Centre memberships. A new Leisure Centre opened at Cox Green in Maidenhead and a new all-weather pitch opened at Charters Leisure Centre in Sunningdale.

Significant capital investment in Parks and Open Spaces, funded mainly by Developer Contributions, included the refurbishment of Grenfell Park which opened in June 2010 and a new fountain at Bridge Gardens in Maidenhead. An increase in formal and informal recreational opportunities in 18 of the Boroughs parks and open spaces was funded by the final phase of the Department for Children, Schools and Families (DCSF's) Playbuilder Scheme grant.

Work continued to increase capacity at the Oakley Green Cemetery and a full tree and shrub planting programme was completed including 10,000 daffodil bulbs.

SERVICE REVIEW

ENVIRONMENTAL SERVICES DIRECTORATE

The Strategic Director of Environment is pleased to report that the overall revenue outturn is £101k under on a controllable budget of £15.56M

In line with our overall Strategy we have increased recycling and have now achieved a rate of 40%. This is mainly due to the successful Borough wide roll out of the Recycle Bank scheme, which received a further industry award. It has also helped achieve savings and a reduction of waste to landfill. Following successful negotiations with our Waste Contractor Veolia, Environmental Services in year efficiency savings of £100k were achieved.

Following the Environmental Health team's successful launch of the 'Scores on the Doors' website in April 2010 the number of food premises rated as excellent with 5 stars has risen from 75 to 114.

As part of the Windsor Parking and Transport Strategy the Home Park car park extension has been completed, providing 50 additional parking spaces and the Centrica Park and Ride has been re-opened for use during holiday periods. Additional signing and payment machines have been installed in the Windsor Dials Car Park.

A further 260 spaces have now been created on-street in Windsor and approximately 380 additional off-street spaces, which are supported by new car park variable message signs and travel information signs.

Car parking income throughout the year has again been affected by the economic climate and adverse weather conditions, with a shortfall of £250k on an income target of £6.7m.

The Operations and Highways teams coped well with responding to the adverse weather conditions, which put a considerable strain on the revenue budget, particularly on winter gritting and consequential road maintenance. An additional DfT capital grant of £557k will help cover the impact of repairing roads and footways.

Community Wardens now total 14 and are trained as Community First Time Responders. The Anti Social Behaviour incidents are the lowest they have been since records began.

The shared CCTV service for West Berks has commenced, generating additional annual income of £85k

Windsor & Maidenhead towns were rated five star for street cleanliness, and Maidenhead was awarded Second Cleanest Town in the Clean Britain Awards

The Local Transport Plan, capital investment of £3.8m has delivered 189 projects for improving roads, footways, road safety and lighting for the benefit of Residents. Following the receipt of DfT funding the Windsor & Eton Relief Road/Clarence Road Roundabout scheme is now complete.

Property income has held up well against the economic climate and although we have some voids in smaller areas, our investment in King Edward Court has maintained the income level in our commercial and industrial estates portfolio.

The Development Agreement with ING for the Broadway/King Street/Queen Street retail led redevelopment to support the rejuvenation of Maidenhead Town Centre.

Building Services team has continued their programme to support schools, with Manor Green School completed on time and within budget.

SERVICE REVIEW

RESOURCES DIRECTORATE

A major restructure of the Resources Directorate was still being implemented as the financial year began. There was a loss of income from both the Guildhall (during refurbishment) and land charges (impact of recession) as well as the costs associated with the transition to new ways of working. Managing the Directorate's activity within its overall budget has been the main focus for the management team. This has been achieved and the Strategic Director is able to report a £39k under spend.

Expenditure for most areas within the Directorate were contained well within budget. Customer & Business Services went through the greatest degree of change whilst dealing with continued pressure from increased Housing Benefit caseloads and an inherited backlog. Increased income from the Housing Benefit grant has covered a significant level of additional expenditure and enabled investment to be made in systems, backlogs to be reduced, accuracy levels to be improved and overpayment recovery to be increased.

POLICY AND PERFORMANCE

SERVICE REVIEW

PLANNING AND DEVELOPMENT

Planning and Development continued to restructure and apply Lean principles to work more productively. This has contributed towards the overall revenue outturn of £375K under on a controllable budget of £2.3m.

This was achieved in part through new and revised income streams, earning over £100K on top of the statutory fees for planning and building control applications. Overall, fees associated with planning activities equated to £925K, with a further £665K in building control. The legal agreement team (s106) also worked hard, attracting £3.9m through s106 agreements of which 59% came through compliance work.

Performance continued to maintain high levels with benchmarking data indicating development control and building control were among the highest performers in the country in determining applications. The first Development Plan Document (The Maidenhead Town Centre Area Action Plan), supporting the regeneration of the town centre, was produced on time. It has been the subject of an examination in public. We continue to review Conservation Areas and a new Conservation Area was declared in Maidenhead this year. Good design was promoted, in conjunction with a number of key partners, through the Design Awards that were held for the first time in many years.

Neighbourhood plans were progressed and the ground breaking work was recognised with the authority being chosen as a 'front runner' (Vanguard) in two separate neighbourhood areas, receiving finance to support the process. Together with the Local Plan that will incorporate transport policy, this forms the focus of policy work in the forthcoming year.

Enforcement continued to take a pro-active stance with a number of successful prosecutions, and high profile injunctions and pre-emptive injunctions successfully secured against problematic sites.

A number of key developments were built out or are in the process of being constructed including Lovejoy Lane, an affordable homes scheme with Code for Sustainable Homes Level 5 being achieved, Daniel's department store on Peascod Street reinforcing the retail function of Windsor, a doctor's surgery at Vale Road Windsor and a new hotel for Maidenhead town centre. A headquarters office scheme in Providence Place Maidenhead is also providing space for a well known software company.

Building Control continued winning regional awards also retained their Quality Assurance Management Standard, an external assessment recognising the good management and customer focus of the function.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

Approval of the Statement of Accounts by full Council

Council have delegated the approval of the draft statement of accounts to the Audit and Performance Review Panel. The Panel met on July 13th 2011 at which the draft accounts were reviewed. The Panel also met on September 22nd 2011 to approve the audited accounts.

Signed

Date: 22nd September

**Councillor Duncan Mc Bride
Chairman of the Audit and Performance Review Panel**

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required to :

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Head of Finance.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

The Head of Finance's Responsibilities

The Head of Finance is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practice as set out in the CIPFA / LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom (the Code)*.

I certify that in preparing this Statement of Accounts, I have :-

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code except as indicated in the body of this statement
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

and certify that the Statement of Accounts set out on pages 17 to 78 presents fairly the financial position of the Royal Borough of Windsor and Maidenhead at the accounting date and its income and expenditure for the year ended 31st March 2010.

Signed

Dated:

30 June 2011

Andrew Brooker C.P.F.A
Head of Finance

MOVEMENT IN RESERVES STATEMENT

This Statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing the authority's services, more details of which are shown in Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charges to the General Fund Balance and Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The 'Net increase /Decrease before transfers to earmarked reserves' line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General Fund Balance	Earmarked General Fund Reserves	School Revenue Balances	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2009	5,551	10,855	2,328	1,850	20,584	212,465	233,049
Surplus or (deficit) on provision of services (accounting basis)	(2,753)				(2,753)	0	(2,753)
Other Comprehensive Expenditure and Income					0	0	0
Total Comprehensive Expenditure and Income	(2,753)	0	0	0	(2,753)	0	(2,753)
Adjustments between accounting basis & funding basis under regulations (Note 7)	(1,424)			(870)	(2,294)	(65,662)	(67,956)
Net Increase / Decrease before Transfers to Earmarked Reserves	(4,177)	0	0	(870)	(5,047)	(65,662)	(70,709)
Transfers to / from Earmarked Reserves (Note 8)	3,226	(2,499)	(727)		0	0	0
Increase / Decrease in Year	(951)	(2,499)	(727)	(870)	(5,047)	(65,662)	(70,709)
Balance at 31 March 2010	4,600	8,356	1,601	980	15,537	146,803	162,340
Surplus or (deficit) on provision of services (accounting basis)	31,630				31,630	0	31,630
Other Comprehensive Expenditure and Income					0	0	0
Total Comprehensive Expenditure and Income	31,630	0	0	0	31,630	0	31,630
Adjustments between accounting basis & funding basis under regulations (Note 7)	(32,030)			(614)	(32,644)	101,320	68,676
Net Increase / Decrease before Transfers to Earmarked Reserves	(400)	0	0	(614)	(1,014)	101,320	100,306
Transfers to / from Earmarked Reserves (Note 8)	(32)	(1,286)	1,318		0	0	0
Increase / Decrease in Year	(432)	(1,286)	1,318	(614)	(1,014)	101,320	100,306
Balance at 31 March 2011	4,168	7,070	2,919	366	14,523	248,123	262,646

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Comprehensive Income and Expenditure Statement

This Statement shows the economic cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement. Services are shown in the format required by the CIPFA code of practice on local authority accounting. Note 28 shows net expenditure analysed by the Council's directorates.

2009/10				2010/11		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
9,663	(7,284)	2,379	Central Services to the public	10,111	(7,455)	2,656
41,943	(16,213)	25,730	Cultural, Environmental Regulatory and Planning Services	41,985	(17,178)	24,807
146,914	(112,091)	34,823	Education and Children's Services	156,562	(125,945)	30,617
17,215	(7,472)	9,743	Highways and Transport Services	17,893	(7,309)	10,584
39,412	(34,812)	4,600	Other Housing Services	38,218	(34,565)	3,653
46,114	(12,534)	33,580	Adult Social Care	48,400	(15,246)	33,154
6,963	(154)	6,809	Corporate and Democratic Core	6,954	(890)	6,064
1,690	(1,310)	380	Non Distributed Costs			
309,914	(191,870)	118,044	Cost Of Services*	320,123	(208,588)	111,535
		1,086	Precepts paid to parishes			1,118
		130	Precepts & Levies			129
		30	Adjustments to provisions			840
						(1,318)
		727	Adjustment to School Balances via Schools Reserve			
			Adjustment to Other reserves taken through the cost of services			394
		1,236	(Gain) / loss on the disposal of fixed assets			1,190
		(791)	Other Operating Income			(1,159)
		2,418	Other Operating (Income) / Expenditure (Note 9)			1,194
		2,825	Interest payable and similar charges			2,807
		3,525	Pensions interest cost and expected return on pension assets			7,019
		(719)	Interest income			(433)
			Other investment income			
		5,631	Financing and Investment Income and Expenditure (Note 10)			9,393
			Surplus or Deficit of Discontinued Operations			
	(69,116)		Council Tax income (Note 11)			(66,981)
	(15,060)		NNDR redistribution (Note 11)			(16,415)
	(8,932)		non-ringfenced government grants (Note 11)			(8,937)
	(32,645)		Taxation and Non-Specific Grant Income (Note 11)			(30,180)
		340	Surplus or Deficit on Provision of Services			(391)
		2,298	Surplus or deficit on revaluation of Property Plant and Equipment assets			(1,298)
			Actuarial (gains) / losses on past service costs			(31,523)
			Revenue expenditure classified as capital by statute adjustment			1,582
		115				
		2,413	Other Comprehensive Income and Expenditure			(31,239)
		2,753	Total Comprehensive Income and Expenditure			(31,630)

BALANCE SHEET

Balance Sheet as at 31st March 2011

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, ie those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).

The second category of reserves is those that the authority is not able to use to provide services.

This category of reserves includes reserves that hold unrealised gains and losses

(for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31-Mar-09 £'000	31-Mar-10 £'000		Note	31-Mar-11 £'000
Assets				
Non-current assets				
326,880	357,206	Property, plant and equipment	12	377,161
44,229	44,798	Investment properties	13	49,136
5,601	5,598	Intangible assets	14	5,396
1,425	1,433	Assets held for Sale	20	3,737
	5,000	Long-term investments	15	10,223
206	168	Long Term Debtors	15	102
378,341	414,203			445,755
Current assets				
15,000	5,000	Short Term Investments	15	
159	120	Inventories	16	145
21,957	26,244	Short Term Debtors	18	30,920
27,576	30,820	Cash and cash equivalents	19	4,300
64,692	62,184			35,365
443,033	476,387	Total assets		481,120
Liabilities				
Current Liabilities				
(20,097)	(12,674)	Short Term Borrowing	15	(6,315)
(21,852)	(24,655)	Short Term Creditors	21	(24,173)
		Other payables		
(41,949)	(37,329)			(30,488)
Non current liabilities				
(250)	(250)	Long Term Creditors	15	(250)
(553)	(725)	Provisions	22	(1,303)
(57,299)	(57,174)	Long Term Borrowing	15	(57,049)
(20,899)	(36,737)	Capital Grants Receipts in Advance	38	(24,664)
(89,034)	(181,832)	Retirement benefit obligations	47	(104,720)
(168,035)	(276,718)			(187,986)
233,049	162,340	Net assets		262,646
Equity				
Usable Reserves				
5,551	4,600	Fund balances and reserves	23	4,168
15,033	10,937	Other reserves		10,355
Unusable reserves				
304,305	321,014	Capital adjustment account	24	333,494
2,263	12,795	Revaluation reserve		23,910
(89,034)	(181,832)	Pensions reserve		(104,720)
(345)	(590)	Collection Fund Adjustment Account		93
(4,724)	(4,584)	Accumulated Absences Account		(4,654)
233,049	162,340			262,646

CASH FLOW STATEMENT

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing] to the authority.

31 March 2010			31 March 2011
£000s	Cash Flow Statement (Indirect Method) As at 31 March 2011	Note	£000s
(2,753)	Net (surplus) or deficit on the provision of services		31,630
	Adjust net surplus or deficit on the provision of services for noncash movements		
28,378			2,038
	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
<u>(31,388)</u>			<u>(32,350)</u>
(5,763)	Net cash flows from Operating Activities	25	1,318
10,110	Net Cash flows from Investing Activities	26	(21,443)
(1,103)	Net Cash flows from Financing Activities	27	(6,395)
<u>3,244</u>	Net increase or decrease in cash and cash equivalents		<u>(26,520)</u>
27,576	Cash and cash equivalents at the beginning of the reporting period		30,820
30,820	Cash and cash equivalents at the end of the reporting period		4,300

NOTES TO THE ACCOUNTS

1 Accounting Policies

i General Principles

The Statement of Accounts summarises the Authority's transactions for the 2010/11 financial year and its position at the year-end of 31 March 2011. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2003 which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 and the Best Value Accounting Code of Practice 2010/11, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

ii Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

iv Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

NOTES TO THE ACCOUNTS

1 Accounting Policies

v **Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, ie in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

vi **Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible fixed assets attributable to the service.

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

vii **Employee Benefits**

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (eg cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, eg time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

NOTES TO THE ACCOUNTS

1 Accounting Policies

Post Employment Benefits

Employees of the Authority are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The Local Government Pensions Scheme, administered by the Council.

Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Berkshire pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – ie an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate set by the Actuary.
- The assets of the Berkshire pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value.
- The change in the net pensions liability is analysed into seven components:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
 - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
 - interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
 - expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
 - gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve

NOTES TO THE ACCOUNTS

1 Accounting Policies

— contributions paid to the Berkshire pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

viii Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

ix Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

However, the bonds issued by the Authority in 20XX are carried at a lower amortised cost than the outstanding principal and interest is charged at a marginally higher effective rate of interest than the rate payable to bondholders as a material amount of costs incurred in its issue is being financed over the life of the stock.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the

NOTES TO THE ACCOUNTS

1 Accounting Policies

Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, the Authority has made a number of loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

NOTES TO THE ACCOUNTS

1 Accounting Policies

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

x Foreign Currency Translation

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective.

xi Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

NOTES TO THE ACCOUNTS

1 Accounting Policies

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Area Based Grant

Area Based Grant (ABG) is a general grant allocated by central government directly to local authorities as additional revenue funding. ABG is non-ringfenced and is credited to non-ringfenced government grants in the Comprehensive Income and Expenditure Statement.

xii Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (eg software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xiii Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

NOTES TO THE ACCOUNTS

1 Accounting Policies

xiv Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xv Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Authority in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Authority recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Authority and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Authority accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

xvi Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

NOTES TO THE ACCOUNTS

1 Accounting Policies

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a rent-free period at the commencement of the lease).

The Authority as Lessor

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement.

When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

NOTES TO THE ACCOUNTS

1 Accounting Policies

xvii Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice 2010/11 (BVACOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Authority's status as a multifunctional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in BVACOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

xviii Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (ie repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (ie it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

NOTES TO THE ACCOUNTS

1 Accounting Policies

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (ie freehold land and certain Community Assets) and assets that are not yet available for use (ie assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- infrastructure – straight-line allocation over 25 years.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

NOTES TO THE ACCOUNTS

1 Accounting Policies

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale. When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts.

The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xix Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (eg from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

Landfill Allowance Schemes

Landfill allowances, whether allocated by DEFRA or purchased from another Waste Disposal Authority (WDA) are recognised as current assets and are initially measured at fair value.

Landfill allowances allocated by DEFRA are accounted for as a government grant.

After initial recognition, allowances are measured at the lower of cost and net realisable value.

As landfill is used, a liability and an expense are recognised. The liability is discharged either by surrendering allowances or by payment of a cash penalty to DEFRA (or by a combination). The liability is measured at the best estimate of the expenditure required to meet the obligation, normally the market price of the number of allowances required to meet the liability at the reporting date. However, where some of the obligation will be met by paying a cash penalty to DEFRA, that part of its liability is measured at the cost of the penalty.

NOTES TO THE ACCOUNTS

1 Accounting Policies

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xx Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

xxi Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

xxii VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

NOTES TO THE ACCOUNTS

2 Accounting Standards Issued, Not Adopted

Heritage assets will be disclosed as a separate class of asset in the 2011/12 financial statements in accordance with FRS 30. As at 31 March 2011 there were no heritage assets held by the Council. However, the Windsor Museum that opened in March 2011 may acquire heritage assets and these will be disclosed in the 2011-12 statement of accounts in accordance with the guidance.

3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events.

One such judgement is regarding the uncertainty about future levels of funding for local government. The Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

4 Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. There are no items in the Authority's Balance Sheet at 31 March 2011 for which there is a significant risk of material adjustment in the forthcoming financial year.

5 Material Items of Income and Expense

All items of material income or expenditure have been disclosed in the Comprehensive Income and Expenditure Account.

6 Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Finance on the 30th June 2011. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2011, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. No further events have occurred which need to be reported here.

NOTES TO THE ACCOUNTS

7 Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future expenditure.

2010/11	Usable Reserves					
	General Fund Balance £000	Earmarked General Fund Reserves £000	School Revenue Balances £000	Capital Receipts Reserve £000	Usable Reserves £000	Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:						
Charges for depreciation and impairment of non-current assets	(19,502)				(19,502)	19,502
Revaluation losses on Property Plant and Equipment	(3,625)				(3,625)	3,625
Movements in the market value of Investment Properties	4,923				4,923	(4,923)
Capital grants and contributions applied	30,074				30,074	(30,074)
Revenue expenditure funded from capital under statute	(1,582)				(1,582)	1,582
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(3,435)				(3,435)	3,435
Statutory provision for the financing of capital investment	2,357				2,357	(2,357)
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,245			(2,245)		
Use of the Capital Receipts Reserve to finance new capital expenditure				2,889	2,889	(2,889)
Transfer from Deferred Capital Receipts Reserve upon receipt of cash				(30)	(30)	30
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	20,061				20,061	(20,061)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	585				585	(585)
Adjustment primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from that charged in the year in accordance with statutory requirements	(71)				(71)	71
Total Adjustments	32,030			614	32,644	(32,644)

NOTES TO THE ACCOUNTS

	Usable Reserves					
2009/10 Comparative Figures	General Fund Balance £000	Earmarked General Fund Reserves £000	School Revenue Balances £000	Capital Receipts Reserve £000	Usable Reserves £000	Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:						
Charges for depreciation and impairment of non-current assets	(19,432)				(19,432)	19,432
Revaluation losses on Property Plant and Equipment						
Movements in the market value of Investment Properties						
Capital grants and contributions applied	31,380				31,380	(31,380)
Revenue expenditure funded from capital under statute	(3,558)				(3,558)	3,558
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement						
Statutory provision for the financing of capital investment	2,211				2,211	(2,211)
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement						
Use of the Capital Receipts Reserve to finance new capital expenditure				878	878	(878)
Transfer from Deferred Capital Receipts Reserve upon receipt of cash				(8)	(8)	8
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(4,346)				(4,346)	4,346
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(246)				(246)	246
Adjustment primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from that charged in the year in accordance with statutory requirements	(4,585)				(4,585)	4,585
Total Adjustments	1,424			870	2,294	(2,294)

NOTES TO THE ACCOUNTS

8 Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund in 2010/11.

	Balance at 1 April 2009	Transfers Out 2009/10	Transfers In 2009/10	Balance at 31 March 2010	Transfers Out 2010/11	Transfers In 2010/11	Balance at 31 March 2011
	£000	£000	£000	£000	£000	£000	£000
Insurance Reserve	2,660	(1,613)	1,556	2,603	(1,384)	1,294	2,513
Capital Reserves	2,932	(1,838)	822	1,916	(478)	794	2,232
Economic Contingency Fund	1,200	(1,335)	1,324	1,189	(100)		1,089
Support for Community Well-being	199	(101)	49	147	(174)	17	(10)
Future Trading LATS Losses		(701)	701		(386)	386	
Equipment Maintenance Funds	135		11	146	(20)	10	136
Nature Reserve Maintenance Fund	129	(8)	8	129	(10)	10	129
Schools deficits	250	(250)					
Ex Berkshire CC liabilities	476			476	(476)		
Corporate Development Fund	2,453	(797)	84	1,740	(769)		971
Reserve for LSC liabilities	416	(416)					
Windsor Arts Centre Maintenance Fund	3		5	8	(3)	3	8
Grave Maintenance Fund	2			2			2
Total	10,855	(7,059)	4,560	8,356	(3,800)	2,514	7,070

The Council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up to earmark resources for future spending plans. Earmarked reserves includes provisions created by the Royal Borough created to cover that part of risk that is considered prudent and details of each can be found below:

Insurance Reserve

The Council maintains an Internal Insurance provision to cover uninsured risks which may arise. The liabilities covered include employer liability, council property, vehicles and supply teachers.

The Fund Balance is in line with that recommended by the Actuarial review in September 2008, however claims of around £1,034k are outstanding which reduces the fund balance to that shown on the balance sheet.

Capital Reserve

Primarily used for funding capital expenditure on short life assets and other capital schemes that are not funded by any other means.

Economic Contingency Fund

The economic contingency fund was created in 2008/9 in response to the difficulties the council may face in the prevailing economic conditions.

Support for Community Well-being

This reserve was used to provide grant funding to small voluntary and community groups and organisations in the Windsor and Maidenhead area, enabling them to continue or expand their work. It was primarily funded by contributions from Hutchinson 3G. The responsibility for administering the fund has now passed to Berkshire Community Foundation and this reserve will be closed in 2011/12.

Future Trading LATS Losses

The LATS scheme commenced on 1 April 2005 and involves the allocation of specified tradeable landfill allowances to each Waste Disposal Authority by the Department of Environment, Food and Rural Affairs (DEFRA). Due to the real market value of the allowances, the reserve was reduced to nil in 2008/9 and this was reviewed in 2009/10 and again in 2010/11.

NOTES TO THE ACCOUNTS

Equipment Maintenance Funds

The Equipment Maintenance Funds are reserves being built up for the future replacement of major items of equipment or synthetic pitches.

Nature Reserve Maintenance Fund

The Nature Reserve Maintenance Fund relates to funds set aside for the future upkeep of the Arthur Jacob Nature Reserve.

Schools deficits

Closed in 2009/10, balance transferred to the General Fund.

Ex Berkshire CC liabilities

Created in respect of a number of liabilities arising from the dissolution of Berkshire CC which are funded as they arise according to each authority's population base.

The Corporate Development Fund

This is a reserve consisting of LABGI (Local Authority Business Growth Initiative) grant and a revenue contribution. The fund will be utilised to pump prime savings generating initiatives and general infrastructure support around the Borough. Each scheme is subject to Members approval.

Reserve for LSC liabilities

Closed in 2009/10, balance transferred to the General Fund.

9 Other Operating Expenditure

	2010/11 £000		2009/10 £000
Parish council precepts	1,118		1,086
Levies	129		130
Gains/losses on the disposal of non-current assets	1,190		
Adjustments to provisions	840		30
Adjustment to School Balances via Schools Reserve	(1,319)		727
Adjustment to Other reserves taken through the cost of services	395		1,236
Joint Arrangements Mockbeggar Settlement	(164)		
DCLG Performance Reward Grant	(1,504)		
Partner Reward Grant owing	509		
LPSA Funding			(255)
PPG Funding			(536)
Total	1,194		2,418

10 Financing and Investment Income and Expenditure

	2010/11 £000		2009/10 £000
Interest payable and similar charges	9,826		6,350
Interest receivable and similar income	(433)		(719)
Income and expenditure in relation to investment properties			
Other investment income			
Total	9,393		5,631

11 Taxation and Non-Specific Grant Income

	2010/11 £000		2009/10 £000
Council tax income	(66,981)		(69,116)
Non domestic rates	(16,415)		(15,060)
Non-ringfenced government grants (Revenue Support Grant)	(2,384)		(3,476)
Non-ringfenced government grants (Area Based Grant)	(6,553)		(5,456)
Capital Grants and Contributions	(30,074)		(32,645)
Flemming Library VAT Claim	(106)		
Total	(122,513)		(125,753)

The VAT claim was made by Reading BC on behalf of the six ex Berkshire Unitary Authorities. It was in respect of library fees prior to the reorganisation of the County Council.

NOTES TO THE ACCOUNTS

12 Property, Plant and Equipment

Movements on Balances

	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total PPE
Movements in 2010/11:	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2010	290,861	16,337	128,811	3,000	1,433	22,640	463,082
additions	12,634	3,719	10,623	1,167		7,284	35,427
revaluation increases/(decreases) recognised in the Revaluation Reserve	12,439						12,439
revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(3,625)						(3,625)
derecognition – disposals	(3,173)						(3,173)
derecognition – other							
assets reclassified (to)/from Held for Sale	(2,250)				(1,361)		(3,611)
other movements in cost or valuation	379				3,665		4,044
At 31 March 2011	307,265	20,056	139,434	4,167	3,737	29,924	504,583

Accumulated Depreciation and Impairment							
at 1 April 2010	(21,306)	(12,558)	(72,247)				(106,111)
depreciation charge	(12,632)	(552)	(4,390)				(17,574)
depreciation written out to the Revaluation Reserve							
depreciation written out to the Surplus/Deficit on the Provision of Services							
impairment losses/(reversals) recognised in the Revaluation Reserve							
impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services							
derecognition – disposals							
derecognition – other							
other movements in depreciation							
At 31 March 2011	(33,938)	(13,110)	(76,637)				(123,685)

Net Book Value

at 31 March 2011	273,327	6,946	62,797	4,167	3,737	29,924	380,898
at 31 March 2010	270,915	3,785	56,564	3,302	1,433	22,640	358,639

NOTES TO THE ACCOUNTS

Comparative Movements in 2009/10:

	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2009	351,035	14,949	131,960	3,794	5,800	10,658	518,196
additions	9,493	1,799	5,479	816	8	18,776	36,371
donations							
revaluation increases/(decreases) recognised in the Revaluation Reserve							
revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,271)			(27)	(4,375)		(6,673)
derecognition – disposals							
derecognition – other							
assets reclassified (to)/from Held for Sale							
other movements in cost or valuation	18,796			302		(6,794)	12,304
At 31 March 2010	377,053	16,748	137,439	4,885	1,433	22,640	560,198

Accumulated Depreciation and Impairment							
at 1 April 2009	(10,629)	(12,578)	(76,767)				(99,974)
depreciation charge	(11,550)	(385)	(4,108)				(16,043)
depreciation written out to the Revaluation Reserve							
depreciation written out to the Surplus/Deficit on the Provision of Services							
impairment losses/(reversals) recognised in the Revaluation Reserve							
impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(83,959)			(1,583)			(85,542)
derecognition – disposals							
derecognition – other							
other movements in depreciation and impairment							
At 31 March 2010	270,915	3,785	56,564	3,302	1,433	22,640	358,639

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

Other Land and Buildings – 30–50 years

Vehicles, Plant, Furniture & Equipment – 4 to 10 years.

Infrastructure – 20 to 25 years

NOTES TO THE ACCOUNTS

Capital Commitments

At 31 March 2011, the Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2011/12 and future years budgeted to cost £2.39m. Similar commitments at 31 March 2010 were £21.687m. The major commitments are:

Scheme	£'000
Oakfield School - Rising 5s Classroom	856
Windsor Museum	308
Windsor and Eton Relief Road	478
Thames Bridge Maidenhead	248
Windsor Parking & Transport Strategy	500
	2,390

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out internally.

Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant furniture and equipment are based on current prices where there is an active second-hand market.

	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Total
	£'000	£'000	£'000	£'000
Carried at historical cost		6,946		6,946
valued at fair value as at:				-
31 March 2011	35,508			35,508
31 March 2010	21,503		3,465	24,968
31 March 2009	17,858		-	17,858
31 March 2008	2,145		200	2,345
31 March 2007	258,302		-	258,302
Total Cost or Valuation	335,316	6,946	3,665	345,927
Variations since date of valuation (see below)	(61,988)		71	- 61,917
Net Book Value as at 31st March 2011	273,328	6,946	3,736	284,010

Between the valuation dates individual properties may be disposed of or improved. This gives rise to a variation between the original valuations and current net book values. An adjustment is included to reconcile this statement to the movement in balances.

13 Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

	2010/11 £000		2009/10 £000
Rental income from investment property	3,548		3,615
Direct operating expenses arising from investment property	(1,037)		(1,375)
Net gain/(loss)	2,511		2,240

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal.

NOTES TO THE ACCOUNTS

The following table summarises the movement in the fair value of investment properties over the year.

	2010/11 £000		2009/10 £000
Balance at start of the year	44,798		59,647
Additions:			
Purchases	111		1
Construction			
Subsequent expenditure			
Disposals	(262)		
Net gains/losses from fair value adjustments	4,923		(14,850)
Transfers:			
to/from Inventories			
to/from Property, Plant and Equipment	(433)		
Other changes			
Balance at end of the year	49,137		44,798

14 Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include purchased licenses.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful lives assigned to the major softwaresuites used by the Authority is 7 years.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £1.226m charged to revenue in 2010/11 was charged to the relevant service.

The movement on Intangible Asset balances during the year is as follows.

	2010/11 £000		2009/10 £000
Balance at start of year:			
Gross carrying amounts	11,643		10,555
Accumulated amortisation	(6,045)		(4,954)
Net carrying amount at start of year			
Additions:			
Purchases	1,024		782
Amortisation for the period	(1,226)		(1,091)
Other changes			306
Net carrying amount at end of year	5,396		5,598

Comprising:			
Gross carrying amounts	12,667		11,643
Accumulated amortisation	(7,271)		(6,045)
Total	5,396		5,598

NOTES TO THE ACCOUNTS

15 Financial Instruments

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet

	Long-term			Current	
	2010/11 £000	2009/10 £000		2010/11 £000	2009/10 £000
Investments					
Loans and receivables	10,223	5,000			5,000
Total investments	10,223	5,000			5,000
Debtors					
Loans and receivables	102	168		30,920	26,244
Total Debtors	102	168		30,920	26,244
Borrowings					
Financial liabilities at amortised cost	(57,049)	(57,174)		(6,315)	(12,674)
Total borrowings	(57,049)	(57,174)		(6,315)	(12,674)
Creditors					
Financial liabilities at amortised cost	(250)	(250)		(24,173)	(24,655)
Total creditors	(250)	(250)		(24,173)	(24,655)

16 Inventories

	Consumable Stores		Client Services Work in Progress		Total Inventories	
	2010/11 £000	2009/10 £000	2010/11 £000	2009/10 £000	2010/11 £000	2009/10 £000
Balance outstanding at start of year	47	51	73	108	120	159
Purchases			29		29	
Recognised as an expense in the year	(4)	(4)		(35)	(4)	(39)
Written off balances						
Reversals of write-offs in previous years						
Balance outstanding at year-end	43	47	102	73	145	120

17 Construction Contracts

There were no construction contracts carried out on behalf of other organisations during 2010/11..

18 Debtors

	31 March 2011 £000	31 March 2010 £000
Central government bodies	13,024	10,380
Housing benefit overpayment	1,419	835
Other local and public authorities	3,367	2,469
Non Domestic Ratepayers	340	318
Council Tax	4,300	3,948
Council Tax - Precepting Authorities		
Housing Associations	246	26
Other entities and individuals	8,224	8,268
Total	30,920	26,244

NOTES TO THE ACCOUNTS

19 Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2011 £000		31 March 2010 £000
Cash held by the Authority	1,360		1,250
Bank current accounts			
Short-term deposits with bank	2,940		29,570
Total Cash and Cash Equivalents	4,300		30,820

20 Assets Held for Sale

	Current		Non Current	
	2010/11 £'000	2009/10 £'000	2010/11 £'000	2009/10 £'000
Balance outstanding at start of year			1,433	1,425
Assets newly classified as held for sale:				
Property, Plant and Equipment			3665	
Intangible Assets				
Other assets/liabilities in disposal groups				
Revaluation losses				
Revaluation gains				
Impairment losses				
Assets declassified as held for sale:				
Property, Plant and Equipment			(1,433)	
Intangible Assets				
Other assets/liabilities in disposal groups				
Assets sold				
Transfers from non-current to current				
Other Movements			72	8
Balance outstanding at year-end			3,737	1,433

21 Creditors

	31 March 2011 £000		31 March 2010 £000
Central government bodies	(2,122)		(2,749)
Housing associations	(70)		(295)
Other local and public authorities	(2,729)		(1,646)
Other entities and individuals	(19,252)		(19,965)
Total	(24,173)		(24,655)

NOTES TO THE ACCOUNTS

22 Provisions

	DSO Staff Gratuity Fund £000	Education Liabilities (non DSG) £000	Planning and Compulsory Purchase Act 2004 £000	Repayment of unallocated income £000	Provision for redundancy £000	Provision for payment of performance related pay £000	Total Provisions £000
Balance at 1 April 2009	(48)	(132)	(373)				(553)
Additional provisions made in 2009/10			(1)	(171)			(172)
Amounts used in 2009/10							
Unused amounts reversed in 2009/10							
Balance at 1 April 2010	(48)	(132)	(374)	(171)			(725)
Additional provisions made in 2010/11			(1)		(747)	(200)	(948)
Amounts used in 2010/11			19				19
Unused amounts reversed in 2010/11	48	132		171			351
Balance at 31 March 2011			(356)		(747)	(200)	(1,303)

DSO staff gratuity fund - provision to fund gratuities to direct labour organisation (DSO) staff. The Council no longer has DSOs and the provision has been reversed.

Education Liabilities (non DSG) - originally made to fund miscellaneous liabilities not funded by DSG. Reversed in 2010/11.

Planning and Compulsory Purchase Act 2004 - Provision for possible repayments under the conditions of the Act. The timing of such payments cannot be estimated with any certainty.

Repayment of unallocated income - provision, set up in 2009/10, for the repayment of income where the true recipient was disputed. Provision reversed in 2010/11.

Provision for redundancy - newly established provision for redundancy payments expected in 2011/12 that relate to decisions made in 2010/11.

Provision for payment of PRP - newly established provision for payments of performance related pay to senior managers and directors that will be paid in 2011/12 (see note 35).

23 Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and the Earmarked Reserves note (Note 8).

24 Unusable Reserves

	31 March 2011 £000	31 March 2010 £000
Revaluation Reserve	23,910	12,795
Capital Adjustment Account	333,494	321,014
Pensions Reserve	(104,720)	(181,832)
Collection Fund Adjustment Account	93	(590)
Accumulated Absences Account	(4,654)	(4,584)
Total Unusable Reserves	248,123	146,803

NOTES TO THE ACCOUNTS

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment.

The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment

Revaluation Reserve	2010/11 £000		2009/10 £000
Balance at 1 April	(12,795)		(2,303)
Upward revaluation of assets	(12,439)		(11,574)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services			
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services			
Difference between fair value depreciation and historical cost depreciation	1,420		1,042
Accumulated gains on assets sold or scrapped			
Amount written off to the Capital Adjustment Account	(96)		40
Balance at 31 March	(23,910)		(12,795)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

NOTES TO THE ACCOUNTS

2009/10 £000	Capital Adjustment Account	2010/11 £000
304,305	Balance at 1 April	321,014
2,211	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	2,357
(16,042)	Charges for depreciation and impairment of noncurrent assets	(18,277)
(2,298)	Revaluation losses on Property, Plant and Equipment	(3,625)
(1,092)	Amortisation of intangible assets x	(1,226)
(3,558)	Revenue expenditure funded from capital under statute	(1,582)
	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(3,435)
		(25,788)
1,042	Adjusting amounts written out of the Revaluation Reserve	1,420
	Net written out amount of the cost of non-current assets consumed in the year	296,646
	Capital financing applied in the year:	
878	Use of the Capital Receipts Reserve to finance new capital expenditure	2,913
32,772	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	30,075
	Application of grants to capital financing from the Capital Grants Unapplied Account	
2,796	Other Adjustments	(1,063)
		31,925
	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	4,923
	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	
321,014	Balance as at 31 March	333,494

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2010/11 £000	2009/10 £000
Balance at 1 April	181,832	89,034
Actuarial gains or losses on pensions assets and liabilities	(83,579)	77,658
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	17,842	13,316
Employer's pensions contributions and direct payments to pensioners payable in the year	(8,008)	(7,902)
Ex Berkshire CC liability	(3,367)	9,726
Balance at 31 March	104,720	181,832

NOTES TO THE ACCOUNTS

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2010/11 £000		2009/10 £000
Balance at 1 April	590		411
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	683		179
Balance at 31 March	(93)		590

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, eg annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2010/11 £000		2009/10 £000
Balance at 1 April	(4,584)		(4,724)
Settlement or cancellation of accrual made at the end of the preceding year	4,584		4,724
Amounts accrued at the end of the current year	(4,654)		(4,584)
Balance at 31 March	(4,654)		(4,584)

25 Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	31 March 2,011 £000		31 March 2,010 £000
Interest received	433		719
Interest paid	(2,741)		(2,745)
Dividends received			

26 Cash Flow Statement - Investing Activities

	31 March 2,011 £000		31 March 2,010 £000
Purchase of property, plant and equipment, investment property and intangible assets including capital expenditure on existing assets	(36,563)		(37,154)
Purchase of short-term and long-term investments	(5,223)		
Other payments for investing activities			
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,275		8
Proceeds from short-term and long-term investments			
Other receipts from investing activities	18,068		47,256
Net cash flows from investing activities	(21,443)		10,110

NOTES TO THE ACCOUNTS

27 Cash Flow Statement - Financing Activities

	31 March 2,011 £000		31 March 2,010 £000
Cash receipts of short- and long-term borrowing			
Other receipts from financing activities			
Repayments of short- and long-term borrowing	(6,484)		(1,349)
Other payments for financing activities	89		246
Net cash flows from financing activities	(6,395)		(1,103)

28 Amounts Reported for Resource Allocation Decisions

Directorate Income and Expenditure 2010-11	Environmental Services £000	Resources £000	Children's Services £000	Adult & Community Services £000	Policy, Performance & Planning £000	Total £000
Income						
Government Grants	-39	-298	-108,719	-1,182	-826	-111,064
Housing Benefit Income		-38,887				-38,887
Other Grants & Contributions	-770	-1,011	-4,997	-7,882	-864	-15,524
Fees & Charges	-9,372	-2,311	-3,809	-12,292	-2,704	-30,488
Sales	-3	-3	-4,017	-730	-346	-5,099
Rent	-3,730		-233	-430		-4,393
Interest			-44	-33		-77
Contributions from other funds/balances	-1,229	-1,820			-7	-3,056
Gross Income	-15,143	-44,330	-121,819	-22,549	-4,747	-208,588
Employees						
Direct Employee Costs	9,517	12,574	47,209	17,349	5,877	92,526
Teachers Pay		1	43,450			43,451
Indirect Employee Costs	185	955	1,865	1,046	186	4,237
Premises						
Repairs & Maintenance	724	39	1,898	742	1	3,404
Other Energy	17	1	439	22		479
Gas	41	8	267	207		523
Electricity	958	9	703	315		1,985
Other Rent & Rates	501	13	354	787	62	1,717
Rates	1,264	54	1,119	510	5	2,952
Water	59	1	197	159		416
Other Premises	401	28	1,401	449	1	2,280
Supplies & Services						
Equipment, Furniture & Materials	444	187	1,633	723	219	3,206
Printing, Stationery & Office Expenses	190	146	2,108	190	416	3,050
Communications and Computing	416	1,244	2,157	367	196	4,380
Grants & Subscriptions	10	65	150	8	64	297
Other Supplies & Services	1,402	198	10,016	1,829	2,010	15,455
Miscellaneous	4	-184	214	1	30	65
Transport	352	85	3,012	738	78	4,265
Contract Services	14,215	6,305	21,548	34,933	1,223	78,224
Housing Benefit Payment		33,196				33,196
Gross Expenditure	30,700	54,925	139,740	60,375	10,368	296,108
Net Expenditure	15,557	10,595	17,921	37,826	5,621	87,520

NOTES TO THE ACCOUNTS

2010/11- Reconciliation to Subjective Analysis					
	Directorate Analysis £000	Amounts not reported to management for decision making £000	Cost of Services (subtotal) £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	(39,980)		(39,980)	(1,159)	(41,139)
Interest and investment income	(77)		(77)	(433)	(510)
Income from council tax				(66,981)	(66,981)
Government grants and contributions	(168,531)		(168,531)	(55,532)	(224,063)
Total Income	(208,588)		(208,588)	(124,105)	(332,693)
Employee expenses	140,214	4,513	144,727		144,727
Other service expenses	122,698		122,698		122,698
Pension interest cost				7,019	7,019
Depreciation, amortisation and impairment		19,502	19,502		19,502
Interest Payments				2,807	2,807
Precepts & Levies				1,247	1,247
Payments to Housing Capital Receipts Pool	33,196		33,196		33,196
Gain or Loss on Disposal of Fixed Assets				1,190	1,190
Surplus or Deficit on Revaluation				(1,298)	(1,298)
Actuarial gain				(31,523)	(31,523)
Adjustment to School Balances				(1,318)	(1,318)
Revenue Expenditure Classified As Capital				1,582	1,582
Adjustments to Provisions				840	840
Adjustments to Other Reserves				394	394
Total expenditure	296,108	24,015	320,123	(19,060)	301,063
Surplus or deficit on the provision of services	87,520	24,015	111,535	(143,165)	(31,630)

NOTES TO THE ACCOUNTS

Directorate Income and Expenditure 2009 -10	Environmental Services £000	Resources £000	Children's Services £000	Adult & Community Services £000	Policy, Performance & Planning £000	Total £000
Income						
Government Grants	-109	-311	-101,568	-2,746	-193	-104,927
Housing Benefit Income		-37,437				-37,437
Other Grants & Contributions }	-1,089	-1,050	-3,443	-6,858	-668	-13,108
Recategorisation of expenditure as income }	1,396	3,140	-583	102	280	4,335
Contributions from other funds/balances }	-1,252	-1,793			-80	-3,125
Fees & Charges	-9,354	-2,389	-2,578	-11,902	-2,207	-28,430
Sales	-1	-1	-3,615	-803	-342	-4,762
Rent	-3,748		-220	-403		-4,371
Interest			-25	-20		-45
Gross Income	-14,157	-39,841	-112,032	-22,630	-3,210	-191,870
Employees						
Direct Employee Costs	9,957	14,059	44,871	18,403	6,038	93,328
Teachers Pay			41,963			41,963
Indirect Employee Costs	176	1,892	2,244	609	475	5,396
Premises						
Repairs & Maintenance	834	72	2,217	722	15	3,860
Other Energy	23		351	27		401
Gas	55	7	317	285		664
Electricity	1,172	11	760	366		2,309
Other Rent & Rates	589	59	276	864	45	1,833
Rates	1,233	51	940	511	6	2,741
Water	67	1	190	145		403
Other Premises	396	35	1,307	447	1	2,186
Supplies & Services						
Equipment,Furniture & Materials	402	178	1,603	773	112	3,068
Printing,Stationery & Office Expenses	162	143	2,015	215	423	2,958
Communications and Computing	356	1,202	2,205	380	205	4,348
Grants & Subscriptions	22	37	131	14	99	303
Other Supplies & Services	1,796	673	8,656	1,799	2,000	14,924
Miscellaneous	4		-822	1		-817
Transport	357	126	2,881	822	77	4,263
Contract Services	14,039	6,149	18,407	32,862	497	71,954
Housing Benefit Payment		32,181				32,181
Recategorisation of expenditure as income	-1,327	-2,852	582	-382	-355	-4,334
Gross Expenditure	30,313	54,024	131,094	58,863	9,638	283,932
Net Expenditure	16,156	14,183	19,062	36,233	6,428	92,062

NOTES TO THE ACCOUNTS

Reconciliation to Subjective Analysis - 2009/10 Comparatives

	Directorate Analysis £000	Amounts not reported to management for decision making £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	(37,563)		(37,563)	(791)	(38,354)
Interest and investment income	(45)		(45)	(719)	(764)
Income from council tax				(69,116)	(69,116)
Government grants and contributions	(154,262)		(154,262)	(56,637)	(210,899)
Total income	(191,870)		(191,870)	(127,263)	(319,133)
Employee expenses	140,687	5,404	146,091		146,091
Other service expenses	111,064		111,064		111,064
Pension interest cost				3,525	3,525
Depreciation, amortisation and impairment		20,578	20,578		20,578
Interest Payments				2,825	2,825
Precepts & Levies				1,216	1,216
Payments to Housing Capital Receipts Pool	32,181		32,181		32,181
Gain or Loss on Disposal of Fixed Assets					
Surplus or Deficit on Revaluation				2,298	2,298
Actuarial gain					
Adjustment to School Balances				727	727
Revenue Expenditure Classified As Capital				115	115
Adjustments to Provisions				30	30
Adjustments to Other Reserves				1,236	1,236
Total expenditure	283,932	25,982	309,914	11,972	321,886
Surplus or deficit on the provision of services	92,062	25,982	118,044	(115,291)	2,753

NOTES TO THE ACCOUNTS

Reconciliation of Directorate Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement.

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2010-11		2009-10
	£000		£000
Net Expenditure in the Directorate	87,520		92,062
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	24,015		25,982
Cost of Services in Comprehensive Income and Expenditure Statement	111,535		118,044

29 Acquired and Discontinued Operations

The Council has not acquired or discontinued any operations in the financial year ended 31 March 2011.

30 Trading Operations

Investment properties are also included as trading operations for the purposes of this note. Details can be found in note 13.

Industrial and commercial estates

The Authority lets 62 units in industrial and commercial estates located in various parts of the Borough. The most sizeable incomes are generated from Reform Road, Howarth Road, Waldeck House,

	2010-11		2009-10
	£000		£000
Turnover	3,548		3615
Expenditure	1,037		1375
Surplus	2,511		2,240

Building Regulations Charging Account

The Council has adopted the Local Government Association's Model Scheme as the basis of its Scheme of Charges under the Building (Local Authority) Regulations 1998. The statement below the

	2010-11		2009-10
	£000		£000
Turnover	658		652
Expenditure	661		660
Deficit	(3)		(8)

31 Agency Services

The Council has not provided agency services during the year ended 31 March 2011.

NOTES TO THE ACCOUNTS

32 Road Charging Schemes

There is a requirement to disclose the nature, income, expenditure and net proceeds of any road charging schemes under the transport act 2000. The Council does not have any road charging schemes in operation as at

33 Pooled Budgets

During 2010-11, the Council were involved in the following pooled budget arrangements, under section 31 of the Health Act 1999.

Short Term Rehabilitation (Formerly - Rapid Response and Rehabilitation Service)

The Council were hosts of this pooled budget arrangement, with Berkshire East Primary Care Trust (formerly Windsor, Ascot and Maidenhead Primary Care Trust) as its partnering organisation.

The aims of this Intermediate care service are to (i) Prevent inappropriate hospital admissions (ii) Facilitate safe and timely discharge from Hospital and (iii) Prevent premature admission to long term care.

	2010/11 £'000		2009/10 £'000
Funding from Royal Borough of Windsor and Maidenhead	1,562		1,512
Funding from Berkshire East Primary Care Trust	488		447
Other income	174		54
Total Funding	2,224		2,013
Total Expenditure	2,224		2,013

Integrated Community Equipment

The Council were partners of this pooled budget arrangement, hosted by Slough Borough Council and involving Berkshire unitary authorities, Primary Care Trusts and The South Central Ambulance Service NHS Trust. The service was to provide an integrated joint Occupational equipment store.

	2010/11 £'000		2009/10 £'000
Funding from Royal Borough of Windsor and Maidenhead	222		236
Funding from Slough Borough Council	234		250
Funding from other Berkshire Unitary Authorities	2,808		2,322
Total Funding	3,264		2,808
Expenditure	3,264		2,808

34 Members' Allowances

The Authority paid the following amounts to members of the council during the year.

	2010/11 £'000		2009/10 £'000
Salaries			
Allowances	584		570
Expenses			
Total	584		570

NOTES TO THE ACCOUNTS

35 Officers' Remuneration

The following table set out the remuneration disclosures for Senior Officers whose salary is less than £150,000 but equal to or more than £50,000 per year for 2010/11.

Performance Related Pay has been included in the year in which the Officers met their target, rather than when it

2010/11	Notes	Salary (Including Fees & Allowances)	Performance Related Pay	Benefits In Kind	Pension Cont.	Total Remuneration incl. Pension contributions
Chief Executive		£140,000		£2,112	£24,350	£166,463
Strategic Director of Environment		£131,617		£3,119	£21,098	£155,833
Head of Procurement	1	£28,711			£4,221	£32,932
Head of Adult Services	2					
Head of Families & Young People		£90,395		£2,342	£13,632	£106,370
Strategic Director of Resources		£117,500		£937	£18,524	£136,961
Strategic Director of Children's Services	3	£62,462		£2,865	£9,513	£74,840
Head of Safeguarding		£85,850		£1,247	£12,803	£99,901
Head of ICT Services	4	£50,279		£2,105	£8,329	£60,713
Strategic Director of Adult & Comm Services		£118,000		£1,322	£18,490	£137,812
Head of Finance		£80,800		£2,780	£12,851	£96,431
Head of Human Resources		£79,760		£2,292	£12,488	£94,540
Head of Planning & Development		£78,490		£2,112	£12,334	£92,937
Head of Education & Children's Services		£91,494		£3,306	£13,649	£108,449
Head of Operations		£75,014		£937	£11,669	£87,620
Head of Housing & Residential Services		£74,942		£2,645	£12,053	£89,640
Head of Highways		£72,554		£3,119	£11,642	£87,314
Head of Public Protection		£72,720		£2,427	£11,710	£86,857
Head of Leisure Services		£72,215			£11,356	£83,571
Head Of Policy & Performance		£66,910		£1,775	£10,396	£79,081
Head of Customer Management		£75,055		£947	£11,447	£87,448
Head of Legal Services		£84,152		£2,085	£12,919	£99,157

Notes:

1- Head of Procurement in post for 4.5 months, annualised salary £76,000

2- The post of Head of Adult services is filled by a contract manager who is not an employee of RBWM

3- The Strategic Director of Children's Services took an unpaid sabbatical and had reduced working hours during the year. Annualised salary is £100k

4- Head of ICT in post 7.25 months, annualised salary £83,220. Post now deleted.

NOTES TO THE ACCOUNTS

The following table set out the remuneration disclosures for Senior Officers whose salary is less than £150,000 but equal to or more than £50,000 per year for 2009/10. Some of the figures have been restated due to changes under IFRS with how we report election fees.

Performance Related Pay has been included in the year in which the Officers met their target, rather than when it was paid.

2009/10	Notes	Salary (Including Fees & Allowances)	Performance Related Pay	Benefits In Kind	Pension Cont.	Total Remuneration incl. Pension contributions
Chief Executive		£140,000	£19,075	£1,850	£23,802	£184,727
Strategic Director of Environment		£132,005	£8,785	£2,702	£19,801	£163,293
Head of Procurement		£105,852			£15,523	£121,375
Head of Adult Services		£96,193	£5,369	£2,488	£13,349	£117,399
Head of Families & Young People		£95,345		£2,007	£14,000	£111,352
Strategic Director of Resources	1	£91,063	£7,578	£622	£13,478	£112,741
Strategic Director of Children's Services		£88,767		£2,476	£13,413	£104,656
Head of Safeguarding		£86,064		£1,081	£12,810	£99,955
Head of ICT Services		£83,658	£4,273	£2,945	£12,730	£103,606
Strategic Director of Adult & Comm Services	2	£82,473	£6,460		£12,205	£101,138
Head of Finance		£82,322	£3,840	£2,401	£12,248	£100,811
Head of Human Resources		£79,996	£2,902	£1,981	£12,051	£96,930
Head of Planning & Development		£78,965	£4,024	£1,850	£11,705	£96,544
Head of Education & Children's Services		£76,049		£2,778	£11,550	£90,377
Head of Operations		£75,216	£3,717	£1,204	£11,149	£91,286
Head of Housing & Residential Services		£74,792	£5,228	£2,222	£11,176	£93,418
Head of Highways		£73,552	£4,566	£2,702	£10,940	£91,760
Head of Public Protection		£72,623	£4,513	£2,101	£10,985	£90,222
Head of Leisure Services		£70,877	£5,040		£10,419	£86,336
Head Of Policy & Performance		£66,652	£3,298	£790	£9,697	£80,437
Head of Customer Management		£66,191	£3,222		£9,687	£79,100
Head of Legal Services	3	£41,950	£2,981		£6,087	£51,018

Notes:

1 - Strategic Director of Resources was only in post 9.3 months, annualised salary is £117,500

2 - Strategic Director of Adult & Community Services was only in post 8.4 months, annualised salary is £118,000

3 - Head of Legal Services was only in post 6 months, annualised salary is £82,820

NOTES TO THE ACCOUNTS

The Authority's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration band	2010/11 Number of employees		2009/10 Number of employees
£50,000 - £54,999	68		73
£55,000 - £59,999	52		48
£60,000 - £64,999	30		17
£65,000 - £69,999	11		18
£70,000 - £74,999	5		6
£75,000 - £79,999	7		6
£80,000 - £84,999	6		12
£85,000 - £89,999	8		4
£90,000 - £94,999	2		1
£95,000 - £99,999			2
£100,000 - £104,999			
£105,000 - £109,999			1
£110,000 - £114,999			
£115,000 - £119,999	2		1
£120,000 - £124,999			
£125,000 - £129,999			
£130,000 - £134,999	1		1
£135,000 - £139,999			
£140,000 - £144,999	1		
£145,000 - £149,999			
£150,000 - £154,999			
£155,000 - £159,999			1

36 External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors:

	2010/11 £'000		2009/10 £'000
Fees payable to KPMG with regard to external audit services	243		224
Fees payable to KPMG in respect of statutory inspections	20		18
Fees payable to KPMG for the certification of grant claims and returns during the year	42		37
Fees payable in respect of other services provided by KPMG during the year	3		3
Total	308		282

The fees for other services payable in both 2009/10 and 2010/11 related to specialist advice on Whole Group Accounts

37 Dedicated Schools Grant

The council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2008. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school. Details of the deployment of DSG receivable for 2010/11 are as follows:

NOTES TO THE ACCOUNTS

	Central Expenditure £000	ISB £000	Total £000
A Final DSG for 2010/11 1			80,128
B Plus brought forward from 2009/10			(66)
C Less carry forward to 2011/12 agreed in advance			
D Agreed budgeted distribution in 2010/11	12,726	67,336	80,062
E Less actual central expenditure	12,581		12,581
F Less actual ISB deployed to schools		67,336	67,336
G Plus local authority contribution for 2010/11			
H Carry forward to 2011/12	145		145

A: DSG figure as issued by the Department on 1 July 2010.

B: Figure brought forward from 2009/10 as agreed with the Department.

C: Any amount which the authority decided after consultation with the schools forum to carry forward to 2011/12 rather than distribute in 2010/11 – this will be the difference between estimated and final DSG for 2010/11, or a

D: Budgeted distribution of DSG, adjusted for carry-forward, as agreed with the schools forum.

E: Actual amount of central expenditure items in 2010/11.

F: Amount of ISB actually distributed to schools (ISB is regarded for DSG purposes as spent by the authority once it is deployed to schools' budget shares).

G: Contribution from the authority in 2010/11 which will have the effect of substituting for DSG in funding the Schools Budget.

H: Carry forward to 2011/12.

NOTES TO THE ACCOUNTS

38 Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2010/11

	2010/11 £'000	2009/10 £'000
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	2,384	3,476
Redistributed Business Rate	16,415	15,060
Area Based Grants	6,553	5,456
Total Credited to Taxation and Non Specific Grant Income	25,352	23,992
Credited to Services - Government Grants		
Dedicated Schools Grant (DSG)	80,299	76,058
ContactPoint	37	138
School Standards Grant (including Personalisation)	4,159	4,004
Standards Fund (excluding elements now in ABG)	7,745	6,777
Sure Start, Early Years and Childcare Grant	4,118	2,827
Youth Opportunity	234	204
Specific Road Safety	-	53
Concessionary Fares	338	329
AIDS Support	33	31
Social Care Reform	406	342
Learning Disability Campus Closure Programme	24	14
Stroke Strategy	181	65
Homelessness	62	55
Housing Planning Delivery	-	178
Supporting People - Social Care	-	1,695
Asylum Seekers	63	67
School milk grants	11	28
Training & Development Agency (GTP & School Workforce Adviser)	508	637
Parenting Support Strategy Grant	97	78
Family Interventions Projects, Think Family Grant	170	86
Parenting Early Intervention Programme (PEIP)	121	149
Handyperson Grant	98	50
Future Jobs Fund	811	15
Adult and Community Learning from Learning and Skills Council (LSC)	1,239	526
Sixth forms funding from Young People's Learning Agency (YPLA)	10,017	9,873
Drug Action Teams	248	126
Other grants	45	522
Total Government Grants	111,064	104,927
Credited to Services - Housing Benefit Income		
Council Tax Benefit: subsidy	5,917	5,988
Mandatory Rent Allowances: subsidy	32,970	31,449
Total Housing Benefit Income	38,887	37,437
Credited to Services - Other Grants & Contributions		
Housing Benefit and Council Tax Benefit Administration	851	907
SEEDA for Berkshire Economic Strategy Board	126	125
Youth Justic Board	-	104
Contributions	13,399	10,537
Donations	496	454
Collection Allowance	266	280
Landfill Allowances Trading Scheme	386	701
Contributions from other funds/balances & reallocations	3,056	- 1,210
Total Other Grants and Contributions	18,580	11,898
Total Credited to Services	168,531	154,262

NOTES TO THE ACCOUNTS

Capital Grants Receipts in Advance

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the giver. The balances at year end are as follows.

	2010/11	2009/10
	£'000	£'000
Developers Contributions	8,404	9,541
Other Contributions	677	801
Education Grants	10,957	13,445
Other Grants	4,626	12,950
Total	24,664	36,737

39 Related Parties

RBWM is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the

Central Government

Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (eg council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 28 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2011 are shown in Note 28.

Members

Members and Chief Officers of the Council have direct control over the Council's financial and operating policies. All Councillors and Chief Officers holding office on appointment they have to complete a disclosure statement in respect of themselves, their spouse/partner, close family or member of their household detailing any material transactions with related parties and in addition once completed have to notify us of any changes (as they occur) not currently noted in the Register of Interests. Members are also required to declare any interest arising from meetings they attend on behalf of the council.

Pension Fund

The Royal Borough of Windsor and Maidenhead administers the Royal County of Berkshire Pension Fund on behalf of 107 active employers (37 non active), including the unitary local authorities in Berkshire. The council charged £1.003m for administering the Fund during 2010/11. Legislation prevents pension funds from loaning money to administering authorities from 1 April 2010.

During the year, transactions with related parties excluding Governmental Departments and Public Bodies arose as follows:-

	Expenditure 2010/11	Income 2010/11
	£000	£000
Radian Housing (Windsor)	453	558
Housing Solutions (Maidenhead)	679	623
Old Windsor Day Centre	18	
Age Concern, Windsor	25	
Age Concern, Slough Berks East	223	7
Berkshire East Primary Care Trust	653	7,585
Total	2,051	8,773

NOTES TO THE ACCOUNTS

40 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2010/11 £'000	2009/10 £'000
Opening Capital Financing Requirement	58,928	55,271
Capital investment		
Property, Plant and Equipment	35,428	36,371
Investment Properties	111	1
Intangible Assets	1,024	782
Revenue Expenditure Funded from Capital under Statute	1,582	2,365
Sources of finance		
Capital receipts	(2,889)	(878)
Government grants and other contributions	(30,075)	(31,380)
Sums set aside from revenue:		
Direct revenue contributions	(24)	(1,393)
MRP	(2,357)	(2,211)
Closing Capital Financing Requirement	61,728	58,928
Explanation of movements in year		
Increase in underlying need to borrow (supported by government financial assistance)		
Increase in underlying need to borrow (unsupported by government financial assistance)	2,800	3,657
Increase/(decrease) in Capital Financing Requirement	2,800	3,657

41 Leases

Authority as Lessee

Finance Leases -

There were no finance leases in 2010/11.

Operating Leases

The Authority has acquired land & buildings, vehicles, plant & equipment by entering into operating leases.

The future minimum lease payments due under non-cancellable leases in future years are:

	Land and buildings £'000	Vehicles, Plant & Equip't £'000	Other Leases £'000	2010/11 Rental Charge £'000
Not later than one year	358	227	154	739
Later than one year and not later than five years	764	334	182	1,280
Later than five years	1,718		9	1,726

	Land and buildings £'000	Vehicles, Plant & Equip't £'000	Other Leases £'000	2009/10 Rental Charge £'000
Not later than one year	383	275	252	910
Later than one year and not later than five years	1,061	446	323	1,830
Later than five years	2,086		1	2,087

NOTES TO THE ACCOUNTS

NOTES TO THE ACCOUNTS

The expenditure charged to the relevant service lines in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2010/11 £000		2009/10 £000
Minimum lease payments	2,443		2,413
Contingent rents	25		95
Total	2,468		2,508

Authority as Lessor

Finance Leases -

There were no finance leases in 2010/11.

Operating Leases

The Authority leases out property under operating leases for economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	2010/11 £000		2009/10 £000
Not later than one year	3,530		3,525
Later than one year and not later than five years	16,276		16,276
Later than five years	151,214		154,202
Total	171,020		174,003

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2010/11 £55k contingent rents were receivable by the Authority

42 PFI and Similar Contracts

There were no PFI or similar contracts during 2010/11.

43 Impairment Losses

There are were impairment losses during 2010/11.

44 Capitalisation of Borrowing Costs

No borrowing costs were capitalised during 2010/11.

45 Termination Benefits

The Authority terminated the contracts of a number of employees in 2010/11, incurring liabilities of £759k. The Authority also created a provision of £747k for further payments to be incurred as a result of decisions taken in 2010/11. The total impact on the 2010/11 accounts is therefore £1.5m (£1.1m in 2009/10).

NOTES TO THE ACCOUNTS

46 Pension Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Authority are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Authority is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2010/11, the council paid £6.128m to Teachers' Pensions in respect of teachers' retirement benefits, representing 14.1% of pensionable pay. The figures for 2009/10 were £5.878m and 14.1%. There were no contributions remaining payable at the year-end. The Authority is responsible for the costs retirement outside of the terms of the teachers' scheme.

47 Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund

NOTES TO THE ACCOUNTS

Balance via the Movement in Reserves Statement during the year:

Comprehensive Income and Expenditure Statement		Local Government Pension Scheme £000		
		2010/11		2009/10
<i>Cost of Services:</i>				
current service cost		(11,736)		(8,013)
past service costs				
settlements and curtailments		(342)		(518)
<i>Financing and Investment Income and Expenditure</i>				
interest cost		(16,951)		(12,829)
expected return on scheme assets		11,035		7,900
<i>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>		(17,994)		(13,460)
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>				
actuarial gains and losses		31,523		
<i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>		13,529		(13,460)

Movement in Reserves Statement		Local Government Pension Scheme £000		
		2010/11		2009/10
reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code		(13,529)		13,460
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>				
employers' contributions payable to scheme		7,490		7,485
retirement benefits payable to pensioners				

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2011 is a gain of £31.523m.

Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	Funded liabilities: Local Government Pension Scheme £000		
	2010/11		2009/10
Opening balance at 1 April	(318,424)		(189,132)
Current service cost	(11,736)		(8,013)
Interest cost	(16,951)		(12,829)
Contributions by scheme participants	(3,499)		(3,520)
Actuarial gains and losses	82,660		(111,187)
Benefits paid	7,106		6,631
Past service costs			
Ex Berkshire CC liabilities	17,194		(33,119)
Other costs	(190)		(374)
Closing balance at 31 March	(243,840)		(351,543)

NOTES TO THE ACCOUNTS

Reconciliation of fair value of the scheme (plan) assets:

	Local Government Pension Scheme £000		
	2010/11		2009/10
Opening balance at 1 April	169,711		123,491
Expected rate of return	11,035		7,900
Actuarial gains and losses	919		33,529
Employer contributions	8,160		8,046
Contributions by scheme participants	3,499		3,520
Benefits paid	(7,258)		(6,775)
Closing balance at 31 March	186,066		169,711

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real

The actual return on scheme assets in the year was £12.8m (2009/10: £41.4m).

Scheme History

	2006/7 £000	2007/8 £000	2008/9 £000	2009/10 £000	2010/11 £000
<i>Present value of liabilities:</i>					
Local Government Pension Scheme	(218,884)	(216,458)	(212,525)	(351,543)	(290,786)
Discretionary Benefits					
Fair value of assets in the Local Government Pension Scheme	172,409	171,290	123,491	169,711	186,066
<i>Surplus/(deficit) in the scheme:</i>					
Local Government Pension Scheme	(46,475)	(45,168)	(89,034)	(181,832)	(104,720)
Discretionary Benefits					
Total					

The liabilities show the underlying commitments that the authority has in the long run to pay post employment (retirement) benefits. The total liability of £104.7m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- . the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (ie before payments fall due), as assessed by the scheme actuary
- . finance is only required to be raised to cover discretionary benefits when the pensions are actually paid. The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31 March 2012 is £6.425m.

NOTES TO THE ACCOUNTS

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme		
	2010/11		2009/10
Long-term expected rate of return on assets in the scheme:			
Equity investments	7.8%		7.9%
Bonds	4.4%		4.5%
Other	5.5%		5.5%
Mortality assumptions:			
Longevity at 65 for current pensioners:			
Men	22.70		21.27
Women	25.40		24.33
Longevity at 65 for future pensioners:			
Men	24.80		22.21
Women	27.40		25.26
Rate of inflation	3.5%		3.9%
Rate of increase in salaries	4.8%		5.4%
Rate of increase in pensions	2.7%		3.9%
Rate for discounting scheme liabilities	5.5%		5.5%
Take-up of option to convert annual pension into retirement lump sum	50.0%		50.0%

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	31 March 2,011 %	31 March 2,010 %
Equity investments	31.0%	44.0%
Debt Instruments		
Other assets	69.0%	56.0%
	100.0%	100.0%

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2010/11 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2011:

	2006/7 %	2007/8 %	2008/9 %	2009/10 %	2010/11 %
Differences between the expected and actual return on assets	0.1%	-15.9%	-51.9%	19.8%	0.9%
Experience gains and losses on liabilities	0.1%	0.5%			2.6%

48 Contingent Liabilities

At 31 March 2011, the Authority had no material contingent liabilities.

49 Contingent Assets

At 31 March 2011, the Authority had no material contingent assets.

NOTES TO THE ACCOUNTS

50 Nature and Extent of Risks Arising from Financial Instruments

The Authority's activities expose it to a variety of financial risks:

- credit risk – the possibility that other parties might fail to pay amounts due to the Authority
- liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments
- market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the council in the annual treasury management strategy. The council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by the Fitch Ratings Service. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

Liquidity Risk

The authority manages its cash flow and seeks to ensure that cash is available as needed.

If unexpected movements happen, the authority has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the authority will be bound to replenish a significant

proportion of its borrowings at a time of unfavourable interest rates.

The maturity analysis of financial liabilities is as follows:

	31 March 2,010 £000	31 March 2,011 £000
Less than one year (cash and cash equivalents)	4,300	30,820
Less than one year (Short Term Investments)		5,000
Between one and two years (Long Term Investments)	5,223	5,000
Between two and five years (Long Term Investments)	5,000	
More than five years (Long Term Investments)		

Interest Rate Risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects: • borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise • borrowings at fixed rates – the fair value of the liabilities borrowings will fall • investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise • investments at fixed rates – the fair value of the assets will fall. Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus of Deficit on the Provision of Services or Other Comprehensive Income and Expenditure.

However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure. The Authority has a number of strategies for managing interest rate risk. Policy is to aim to keep all of its borrowings in fixed rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

Price Risk

The Authority does not generally invest in equity shares and is not therefore exposed to losses arising from movements in the prices of the shares.

NOTES TO THE ACCOUNTS

Foreign Exchange Risk

The Authority has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

51 Trust and Other Funds

The trusts and other funds administered by the Council are summarised below:

	Balance at 31st March 2010 £'000	Receipts in Year £'000	Payments / Transfers in Year £'000	Balance at 31st March 2011 £'000
Flexible Home Improvements Ltd. (FHIL)	5,346	210	1,642	3,914
Kidwells Park Trust	391	2	4	389
RBWM Flood Relief Fund	255		1	254
Mayor's Benevolent Fund	25	3	2	26
Working Boys Club	613			613
Thames Valley Athletic Centre	194	26	31	189
Other Trust Funds	1			1
Trusts Total	6,825	241	1,680	5,386

Flexible Home Improvements Ltd. (FHIL)

This company was incorporated in March 2008 for the purpose of making loans to homeowners thus improving private sector housing. The company is initially funded by a grant from the Regional Housing Board and transfers amounts for subsequent loan to local authorities in Berkshire, Buckinghamshire, Oxfordshire and Surrey.

Kidwells Park Trust

This Trust was established by J.M.Pearce who donated the land on which Kidwells Park and some surrounding buildings now stand. The funds in the Trust, resulting from the sale of the College of Art in Marlow Road, Maidenhead to Berkshire County Council, are temporarily invested pending agreement with the Charity Commissioners on their use for the provision of arts facilities in Maidenhead.

Royal Borough of Windsor and Maidenhead Flood Relief Fund

Following approval from the Charity Commissioners, this Fund is the combination of funds established in 1949 to provide essential relief measures in time of flood.

Mayor's Benevolent Fund

This Fund was established in February 1975 for general charitable purposes for the benefit of residents or persons working within the Royal Borough.

Working Boys Club

This Trust received £614k on sale of 22 Cookham Rd, Maidenhead and this has been invested in a fund to protect its value and ensure a revenue stream to finance the activities of the charity. The objectives of the charity are to provide facilities for youth in the borough with a preference for clubs and

Thames Valley Athletics Centre

Two sinking funds, created for the purpose of maintaining the athletics track and buildings are invested on behalf of the TVAC Joint Committee.

Other Trust Funds

There are six small trust funds, each with a balance of less than £500 at 31st March. These trust funds are the Sunningdale Gravel Allotment Trust, Sunninghill Fuel Allotment Trust, John Lewis, D.E. Cooke, E Pasco and the Tester Award Drama Trusts.

NOTES TO THE COLLECTION FUND

52 Council Tax Income

Council Tax is a charge levied on the notional value of properties as at 1st April 1991. Each property is valued (by the District Valuer Service) and put into the appropriate one of the eight Council Tax Bands currently in use. The Council is required to set the benchmark charge for a Band D Property and, for tax base purposes, all properties in the other bands are expressed in terms of their Band D equivalence. Specific reductions are made in accordance with Government Regulations for persons on low incomes (rebates) and for those whose Council Tax substantially exceeded their liability for Community Charge. There is also a discount where a property has only one occupier.

For 2010-11, the sum of £32.10 per Band D property is included to cover Special Expenses of the unparished areas of the Borough. This charge recognises the fact that this Council provides services to the unparished areas which are provided by the parish councils in the remainder of the Borough.

Band	Property Value	Number of Properties		Band D Equivalent	Appeals / Non - Collection Provision	TAX BASE
		Base	Ratio			
A	Up to £40,000	1,405.00	6/9	936.37	-11.42	924.95
B	£40,001 to £52,000	2,853.00	7/9	2,219.10	-24.68	2,194.42
C	£52,001 to £68,000	7,687.00	8/9	6,833.02	-46.37	6,786.65
D	£68,001 to £88,000	13,939.00	9/9	13,939.30	-138.06	13,801.24
E	£88,001 to £120,000	11,551.00	11/9	14,117.90	-169.78	13,948.12
F	£120,001 to £160,000	7,226.00	13/9	10,438.07	-114.08	10,323.99
G	£160,001 to £320,000	8,585.00	15/9	14,308.01	-159.69	14,148.32
H	more than £320,000	1,446.00	18/9	2,892.50	-27.95	2,864.55
Total		54,692.00		65,684.27	-692.03	64,992.24

The average Band D charge for 2010-11 was £1,237.79. Therefore, based on the adjusted tax base of 64,992.24 the estimated yield was £80,446,744. This can be reconciled to the income received as follows:-

	2010-11 £'000
Estimated Yield	80,447
Transitional Relief	1
Council Tax Benefits	-6,004
Other Changes in Yield	1,029
Council Tax Income	75,473

The council tax debt position is reviewed regularly and a provision of £2,620,963 to cover potentially bad or doubtful debts has been provided.

NOTES TO THE COLLECTION FUND

53 Business Rates Income

Under the revised arrangements for Business Rates, the Council collects non-domestic rates for its area which are based on local rateable values multiplied by a national uniform rate in the £ of 41.4p (48.5p in 2009/10). The total rateable value of business premises in the Borough's area at 31st March 2011 was £194,080,110 producing a notional yield of £80,349,165. The business rate debt position is reviewed regularly and a provision of £4,138,075 to cover potentially bad or doubtful debts has been provided.

	2010-11 £'000
Notional Yield	80,349
Allowances	-8,634
Rateable Value Changes	-4,427
Occupation Changes	-819
Collectable Income	66,469

54 Precepts and Demands on the Fund

The following authorities made demands on the Collection Fund in 2010-11:-

	2010-11 £'000	£'000
Royal Borough of Windsor and Maidenhead		
General Expenses	66,897	
Special Expenses	1,064	
Parishes	<u>1,118</u>	69,079
Thames Valley Police Authority		10,028
Berkshire Fire and Rescue Authority		3,617
Total Precepts and Demands		82,724

ROYAL COUNTY OF BERKSHIRE PENSION FUND STATEMENT OF ACCOUNTS

The Royal Borough of Windsor and Maidenhead administers the Royal County of Berkshire Pension Fund on behalf of 107 active and 37 non active scheduled and admitted bodies including the unitary local authorities in Berkshire. The results for the year are set out below:

Fund Account for the Year Ended 31st March 2011

2009-10 £'000		Notes	2010-11 £'000
Contributions and Benefits			
Contributions Receivable:			
55,093	Employer Normal Contributions	note	55,155
68	Employer Deficit Funding	note	68
24,650	Employees	note	24,536
4,010	Full Cost Contributions Early Retirement		6,861
9,736	Transfer Values Received	note	16,813
Less:			
Benefits Payable:			
50,723	Pensions Payable	note	54,615
15,360	Lump Sum Benefits	note	19,112
Payments to and on account of leavers:			
13,312	Transfer Values Paid	note	9,236
30	Refunds of Contributions		42
982	Administrative & Other Expenses		1,003
13,150	Net Additions from Dealing with Members		19,425
Returns on Investments			
20,119	Investment Income	note	15,925
279,238	Change in Market Value of Investments		111,064
(2,148)	Less Investment Management Expenses	note	(1,804)
297,209	Net Return on Investments		125,185
310,359	Net Increase/(Decrease) in Fund during Year		144,610
1,009,050	Net Assets of Scheme at 1 April 2010		1,319,409
1,319,409	Net Assets of Scheme at 31st March 2011		1,464,019

Net Asset Statement for the Year Ended 31st March 2011

2009-10 Total £'000			2010-11 UK £'000	2010-11 Foreign £'000	2010-11 Total £'000
Quoted Investments at Market Value					
	Fixed Interest:				
3,517	Public Sector				
72,550	Other				
	Index Linked Securities			7,418	7,418
56,471	Equities		13,361	52,301	65,662
Managed Funds					
90,843	Unit Trusts: Property		76,308	29,044	105,352
45,320	Unitised Insurance Policies		34,585		34,585
940,386	Other Managed Funds		337,940	843,993	1,181,933
210	Derivatives	note			176
1,209,297	Total Investments	note	462,194	932,756	1,395,126
Current Assets					
	Long Term Debtors	note			861
3,115	Short Term Loan to RBWM	note			
7,619	Short Term Debtors				8,948
227	Cash Held by External Managers				13,139
100,494	Cash at Bank				48,797
111,455	Total Current Assets				71,745
Current Liabilities					
(36)	Commitments for Derivatives	note /			(1,307)
(53)	Cash Overdrawn Managers				
(1,254)	Sundry Creditors				(1,545)
110,112	Net Current Assets				68,893
1,319,409	Total Net Assets	note			1,464,019

These accounts do not take account of liabilities to pay pensions and other benefits after the period end. They are a summary of transactions during the year and net assets of the scheme at the end of the year. The long term liabilities are dealt with in the Actuarial Statement, which is in the Annual Report.

ROYAL COUNTY OF BERKSHIRE PENSION FUND STATEMENT OF ACCOUNTS

The Royal Borough of Windsor and Maidenhead administers the Royal County of Berkshire Pension Fund on behalf of 107 active and 37 non active scheduled and admitted bodies including the unitary local authorities in Berkshire. The results for the year are set out below:

Fund Account for the Year Ended 31st March 2011

2009-10 £'000		Notes	2010-11 £'000
Contributions and Benefits			
Contributions Receivable:			
55,093	Employer Normal Contributions	note 2	55,155
68	Employer Deficit Funding	note 2	68
24,650	Employees	note 2	24,536
4,010	Full Cost Contributions Early Retirement		6,861
9,736	Transfer Values Received	note 3	16,813
Less:			
Benefits Payable:			
50,723	Pensions Payable	note 2	54,615
15,360	Lump Sum Benefits	note 6	19,112
Payments to and on account of leavers:			
13,312	Transfer Values Paid	note 4	9,236
30	Refunds of Contributions		42
982	Administrative & Other Expenses		1,003
13,150	Net Additions from Dealing with Members		19,425
Returns on Investments			
20,119	Investment Income	note 9	15,925
279,238	Change in Market Value of Investments		111,064
(2,148)	Less Investment Management Expenses	note 5	(1,804)
297,209	Net Return on Investments		125,185
310,359	Net Increase/(Decrease) in Fund during Year		144,610
1,009,050	Net Assets of Scheme at 1 April 2010		1,319,409
1,319,409	Net Assets of Scheme at 31st March 2011		1,464,019

Net Asset Statement for the Year Ended 31st March 2011

2009-10 Total £'000			2010-11 UK £'000	2010-11 Foreign £'000	2010-11 Total £'000
Quoted Investments at Market Value					
	Fixed Interest:				
3,517	Public Sector				
72,550	Other				
	Index Linked Securities			7,418	7,418
56,471	Equities		13,361	52,301	65,662
Managed Funds					
90,843	Unit Trusts: Property		76,308	29,044	105,352
45,320	Unitised Insurance Policies		34,585		34,585
940,386	Other Managed Funds		337,940	843,993	1,181,933
210	Derivatives	note 11			176
1,209,297	Total Investments	note 10	462,194	932,756	1,395,126
Current Assets					
	Long Term Debtors	note 13			861
3,115	Short Term Loan to RBWM	note 14			
7,619	Short Term Debtors				8,948
227	Cash Held by External Managers				13,139
100,494	Cash at Bank				48,797
111,455	Total Current Assets				71,745
Current Liabilities					
(36)	Commitments for Derivatives	note 10/11			(1,307)
(53)	Cash Overdrawn Managers				
(1,254)	Sundry Creditors				(1,545)
110,112	Net Current Assets				68,893
1,319,409	Total Net Assets	note 12			1,464,019

These accounts do not take account of liabilities to pay pensions and other benefits after the period end. They are a summary of transactions during the year and net assets of the scheme at the end of the year. The long term liabilities are dealt with in the Actuarial Statement, which is in the Annual Report.

NOTES TO THE PENSION FUND STATEMENT OF ACCOUNTS

The Royal Borough of Windsor and Maidenhead operates a scheme within the Local Government Pension Scheme (LGPS) Regulations which covers local government employees throughout the geographical area of Berkshire (other than teachers and fire personnel who have their own schemes). As at 31st March 2011 there were 20,018 contributing members of the Fund and 12,209 pensioners or dependants receiving continuing benefits from the Fund. There are also 18,052 former contributing members whose deferred pensions will be paid on their eventual retirement.

Employer bodies who are members of the Fund can be classified as either Scheduled (these being obliged by legislation to participate in the Fund) or Admitted (these participate at the discretion of the Administering Authority). Those bodies who are classified as scheduled and the rules applicable to bodies who can be admitted into the scheme are covered by the LGPS Regulations. A list of Employers contributing to the Fund can be found in the Annual Report.

The benefits due and contributions to be paid by employees who are members of the scheme are fixed according to the relevant LGPS Regulations. Employer contributions for each of the scheduled or admitted bodies within the scheme are set and reviewed at three-yearly intervals by the Actuary to the Fund. The employer rates in place for the year ended 31st March 2011 were based on the valuation of the scheme as at 31st March 2007 and became payable with effect from 1 April 2008. The individual contribution rate of each employer is calculated according to the long-term contribution rate required, assuming 100% funding of future pension liabilities and after allowing for the deficit on the Fund and the individual liability profile of each employer.

The main assumptions that the Actuary makes about the factors that affect the Fund's future finances, are:- inflation, pay increases, investment returns, rates of mortality, early retirement and staff turnover.

At the valuation of 31st March 2007 the Actuary valued the Fund's assets at £1,492 million and assessed that the Fund had an actuarial deficit of £0.88 million. Arrangements for the recovery of the deficit are covered in the Funding Strategy Statement of the Fund. The level of funding at this date was 99.9%.

The Funding Strategy Statement and more detailed information about the management of the Fund are included in the Pension Fund Annual Report.

1. Accounting Policies

Accounting Standards

The accounts have been prepared in accordance with the provisions of chapter 2 of the Pensions Statement of Recommended Practice (SORP) 2007 and the Code of Practice on Local Authority Accounting issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Basis of Preparation

Income and expenditure are credited and debited to the revenue account when earned or incurred (that is, on an accruals basis), not when received or paid. Transfer values arise when a contributor transfers to or from the Fund. They have been included in the accounts on the basis of actual amounts received and paid due to the lack of sufficient information to account for them on an accruals basis.

Investments

Investments are shown in the accounts at their market value, which have been determined by HSBC, the Fund's Custodian, as follows:

FTSE-100 and Reserve List stocks are valued using the SETS volume weighted average price over the last ten minutes of trading on 31st March 2011.

Other listed securities and securities on other domestic markets at bid-market price at the close of business on 31st March 2011 as supplied by Extel.

Unlisted securities using latest dealings, professional valuations, asset values and other appropriate financial information.

Investments held in overseas currencies at bid-market price at the close of dealing on 31st March 2011 translated into sterling at the rate on that day.

Derivatives are valued at bid-market prices at the close of dealing on 31st March 2011.

NOTES TO THE PENSION FUND STATEMENT OF ACCOUNTS

A statement of investment principles (SIP) has been prepared and is available on the internet.

2. Contributions Received and Pensions Paid

Analysis by type of Employer	Employers Contribs £'000	Employees Contribs £'000	Pensions Payable £'000
Berkshire County Council	-	-	14,172
Administering Authority	7,545	3,479	5,538
Scheduled Bodies	41,759	18,599	30,145
Admitted Bodies	5,851	2,458	4,760
Total	55,155	24,536	54,615

There are two closed employers who make annual deficit payments. There is no deficit funding element in the employer contributions rates for 2010/11.

3. Transfer Values Received

There were no bulk transfers of staff benefits into the Fund during the year.

4. Transfer Values Paid

There were no bulk transfers of staff benefits from the Fund during the year.

5. Administrative and Other Expenses

The full costs of both the investment and the administration of pensions are charged to the Fund. A breakdown of the Investment Management Expenses is shown below:

	£'000
Investment Managers' Fees	917
Staff	460
Professional Fees	272
Bank Charges	91
Other Recharges	64
	<u>1,804</u>

6. Lump Sum Death Benefits

Lump Sum Death Benefits totalling £2,088,000 are included in this figure (2009/10 £1,453k).

7. Officers' Emoluments

The Fund has no directly appointed employees. The management and administration of the Fund is carried out by employees of the Royal Borough of Windsor and Maidenhead and statements of emoluments are covered in those accounts.

8. Stock Lending

There was no stock at loan via HSBC Global Investor Services (Fund Custodian) as at 31st March 2011.

9. Investment Income

Investment income includes dividends and interest earned and is analysed by asset class as follows:-

Asset Class	2010/11 £'000	2009/10 £'000
Fixed Interest	5,160	5,820
Equities	852	7,264
Managed Funds	4,906	2,600
Property Trusts	4,820	4,223
Property	(8)	73
Cash	195	139
Total	15,925	20,119

The changes in income mainly reflect the reallocation of the assets of the Fund, movements in currency and changes in interest rates.

NOTES TO THE PENSION FUND STATEMENT OF ACCOUNTS

10. Investments

The table below reconciles the opening and closing market value of investments:-

Assets	Mkt Value 31-Mar-10 £'000	Purchases at Cost & Derivative Payments £'000	Sale Proceeds & Derivative Receipts £'000	Change in Mkt Value £'000	Mkt Value 31-Mar-11 £'000
Fixed Interest	76,067	38,405	(109,444)	(5,028)	0
Index Linked	0	7,048		370	7,418
Equities	56,470	1,525	(1,691)	9,358	65,662
Property Trusts	90,843	56,074	(44,660)	3,095	105,352
Managed Funds	985,707	282,771	(158,861)	106,901	1,216,518
Derivatives	174	4,293	(1,016)	(4,582)	(1,131)
Total	1,209,261	390,116	(315,672)	110,114	1,393,819

The increase in the market value of investments reflects the increase in the value of Managed Funds markets during the year.

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the scheme such as fees, commissions and stamp duty. These costs amounted to £6,729 in 2010/11 (£927,634 in 2009/10). The costs have reduced as the Pension no longer has any external managers buying and selling equities.

11. Derivative Contracts

In order to maintain appropriate diversification of investments within the portfolio, a proportion of the underlying investment portfolio is in derivative contracts. They are used to manage risk and improve portfolio returns. The maximum gross derivatives exposure is limited to 50% of the external manager's net assets.

Futures

The Fund had open futures contracts outstanding at year end relating to its overseas portfolio as follows:-

Nature	Notional Amount Million	Duration	Asset Value at 31st Mar 11 £'000	Liability Val. at 31st Mar 11 £'000
EUX SX5E Index	-8.1EUR	December 2013	176	
FWD Currency	-26.8 USD	April 2011		994
FWD Currency	-27.9 USD	June 2011		313
Total			176	1,307

12. Net Assets

The Fund's assets are now all managed in. At 31st March 2011, the split of assets was as follows:

	£M	%
Managed In-House		
Overseas Index Linked	7.4	0.5
UK Equities	13.4	0.9
Overseas Equities	52.3	3.6
UK Managed Funds	372.5	25.4
Overseas Managed Funds	844.0	57.7
Property Unit Trusts	105.4	7.2
Other (including Cash)	69.0	4.7
Total	1464.0	100.0

NOTES TO THE PENSION FUND STATEMENT OF ACCOUNTS

12. Net Assets (Cont.)

The increase in the market value of investments mainly reflects the increase in the value of managed funds markets in the last few months of the year.

There are three investments, managed In-House, which exceed 5% of the value of the Fund. They are IPM RAFI Global valued at £177.5m, Lyxor Hedge Fund valued at £97.0m, and Neuberger Commodities valued at £72.1m. These are all included in the valuation under Overseas Managed Funds.

13. Long Term Debtors

Under new accounting requirements, any outstanding capital sums at 31st March 2011 which are being paid to the Pension Fund over a number of years have to be accrued in these accounts. Those capital sums due to be paid after the 31st March 2012 are treated as long term debtors.

14. Short Term Loan

Cash on loan to the Royal Borough of Windsor and Maidenhead earned interest at the seven-day rate. The Fund is not allowed to have a loan with RBWM after 31st March 2010.

15. Pension Fund Liability

The actuarial present value of promised retirements at 31st March 2011 is £1,798,005,000. The liability value at 31st March 2010, as shown on the Actuarial Valuation at 31st March 2011, was £1,618,357,000.

16. Related Party Transactions

Officers have no relevant connections with related parties to declare. Members of the Pension Fund Panel are concerned with the overview of the Pension Fund rather than particular transactions.

17. Statement of Investment Principles

A more detailed Annual report for the Berkshire Pension Fund is produced as a separate document to these accounts. This report contains the Statement of Investment Principles for the Fund and a list of the participating employer bodies and can be found on the RBWM website.

18. Trustees Fees

This is a Local Government Pension Scheme so it does not have trustees. No fees were paid to the Panel members during the year.

19. Post Balance Sheet Statement

The asset values quoted in the balance sheet refer to market values at the date of the closure of the accounts, 31st March 2011. Any subsequent market movements are not reflected.

The Actuary as part of assessing the employer contribution rates to be paid, uses a long-term smoothed approach to account for movements in asset values.

GLOSSARY OF TERMS

For the purposes of the Statement of Accounts, the following definitions have been adopted:-

Accounting Policies

Define the process whereby transactions and other events are reflected in the financial statements.

Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Actuarial Gains and Losses

The change in actuarial deficits or surpluses arising from actual gains/ losses since the last valuation or changes in actuarial assumptions.

Capital Charge

A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

Capital Expenditure

Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing asset.

Community Assets

Assets that the local authority intends to hold in perpetuity, that have no specific life span, and that may have restrictions on their disposal. Examples of such assets include parks and historic buildings.

Classes of Tangible Assets

Operational Assets:

Council Dwellings, Other land and building, Vehicles, plant, furniture and equipment

Infrastructure Assets; Community Assets

Contingent Asset or Liability

A condition which exists at the balance sheet date, where the outcome will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within our control.

Current Service Costs (Pensions)

The increase in the present value of the pensions scheme's liabilities expected to arise from employee service in the current period.

Defined Benefit Scheme

A pension scheme having a statutory duty to ensure pensionable benefits, due to the employee are maintained through changes in the employer's contributions, as determined through periodic valuation.

Creditors

Amounts owed by an authority at the balance sheet date for goods received or work done.

Debt

This refers to the amount of long term debt borrowed by an authority or for which the authority has responsibility to repay and which was used to finance the acquisition of fixed assets. It is similar to a mortgage on a private person's home.

GLOSSARY OF TERMS

Debtor

Amounts due to an authority but unpaid at the balance sheet date.

Depreciation

The measure of the wearing out, consumption or other reduction in the useful economic life of a fixed asset, whether arising from use, passage of time, or of obsolescence through technological or other changes.

Events after the Balance Sheet date

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible officer.

Fair value

The fair value of an asset is the price at which it could be exchanged in an "arms length" transaction less, where applicable, any income receivable towards the purchase or use of that asset.

Finance Lease

A lease that transfers substantially all the risks and rewards of ownership of a fixed asset to the lessee. Such a transfer may be presumed to occur if, at the inception of the lease, the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

Formula Grant

The main non-service specific grant from Central Government to fund local authorities' expenditure.

Going Concern

The concept that the authority will remain in operational existence for the foreseeable future. In particular that the revenue accounts and balance sheet assume no intention to significantly curtail the scale of operations

Government Grants

Assistance by government and inter-government agencies and similar bodies, whether local or national, or international, in the form of cash or transfers of assets to a local authority in return for past or future compliance with certain conditions.

Impairment

A reduction in the value of a fixed asset arising from changes in market value, obsolescence or change in business.

Infrastructure Assets

Fixed assets that are inalienable or immovable, expenditure on which is recoverable only by the continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

Interest Costs (Pensions)

Expected changes during the period in the present value of the schemes liabilities because the benefits are one year nearer their settlement.

Investments

A long-term investment is an investment that is intended to be held on a continuing use basis in the activities of the authority. Investments, other than those in relation to pensions fund, that do not meet the above criteria are classed as current assets

GLOSSARY OF TERMS

Investment Properties

Interest in land and / or buildings :

- a) in respect of which construction work and development have been completed; and
- b) which is held for its investment potential, rather than its use in the provision of the local

Liquid Resources

Current assets and investments that are readily disposable without disrupting the authority's day to day business.

Minimum Revenue Provision

The minimum amount of an authority's external debt that must be repaid in accordance with Government regulations, by the revenue account in the year of account.

Net Debt

The amount of long term borrowing less cash and liquid resources such as cash.

Net Book Value

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Net Current Realisable Costs

The cost of replacing an asset, or its nearest equivalent, that reflects its current condition.

Net Realisable Value

The open market value of an asset in its existing use less expenses incurred in realising the asset

Non-Operational Assets

Fixed assets held by the local authority but not directly occupied, used or consumed in the delivery of its services. Examples of non-operational assets include investment properties and those assets which are surplus to requirements and which are being held pending sale or redevelopment.

Operational Assets

Fixed assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has a statutory or discretionary responsibility.

Past Service Costs

Changes in the present value of the schemes liabilities related to employee service in prior periods arising from the introduction of, or improvement in, retirement benefits in the current period.

Precepts

The amount that the authority is required to collect from council tax payers to fund another, non tax collecting authority's expenditure. Precepts are issued by Parish Councils and the local police authority.

Prior Period Adjustments

Those material adjustments which apply to previous years, which have arisen from changes in accounting policies or from the correction of fundamental errors. Such errors would destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Prudence

The concept that revenue is not anticipated but is recognised only when realised in the form of either cash or of other assets whose realisation can be assessed with reasonable certainty.

GLOSSARY OF TERMS

Related Parties

Parties are related when one party has direct or indirect control or influence over the financial and/ or operational activities of the other. Examples include government departments, local authorities, members and chief officers.

Related Party Transaction

A related party transaction is the transfer of asset or liability or performance of service by, to or for a related party.

Remuneration

Sums (including expenses allowances and non-cash benefits subject to UK income tax) paid to or receivable by employees. They exclude employee and employer pensions contributions.

Reserves

Reserves are maintained by transferring money to and from the Income and Expenditure Account. There are generally two types of Reserve:

1. General Reserves which create a cushion against unexpected events or emergencies or to even out the effect of variations in cash flow (i.e. to avoid temporary borrowing)
2. Earmarked Reserves created to meet known or predicted liabilities (e.g. Capital Reserves, Insurance Reserves and schools balances)

Residual Value

The net realisable value of an asset at the end of its useful life

Retirement Benefits

All forms of benefits given by an employer in exchange for services rendered by employees that are payable at the completion of employment. Such benefits exclude an employer's decision to terminate employment before normal retirement and an employee accepting early retirement as these are not given in exchange for services rendered.

Revenue Expenditure funded from Capital under Statute

Expenditure that may be funded from capital resources but which does not result in an asset on the Balance Sheet. Qualifying items would be grants or expenditure on property not owned by the Council. The expenditure is charged to the Income and Expenditure Account and shown as a reconciling item in the Statement of Movement on the General

Stocks

These comprise the following :-

- a) goods or other assets purchased for resale;
- b) consumable stores;
- c) raw materials and components purchased for incorporation into products for sale;
- d) products and services in intermediate stages of completion;
- e) long-term contract balances;
- f) finished goods for resale.

Tangible Fixed assets

Tangible assets that yield benefits to the local authority and the services it provides for a period of time in excess of one year.

Total Cost

The total cost of a service or activity includes all costs related to the provision of that service or activity.

Useful Life

The period over which the local authority will derive benefits from the use of a fixed asset.